SUPREME COURT, U.S.
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IN THE

Supreme Court of the United States

No. .....

OCTOBER TERM, 1972

72-344

In the Matter of the Vessel MARINE SULPHUR QUEEN
MARINE SULPHUR TRANSPORT CORPORATION,
As Owner, Petitioner,

—and—

MARINE TRANSPORT LINES, INC.,
As Demise Charterer, Petitioner,

BETHLEHEM STEEL CORPORATION,
Impleaded Respondent, Respondent,

UNITED STATES FIRE INSURANCE COMPANY OF NEW YORK,
Cargo Claimant, Respondent,

IDA RUTH HEARD, *et al.*,
Death Claimants, Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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As Owner, Petitioner,

—and—

MARINE TRANSPORT LINES, INC.,

As Demise Charterer, Petitioner,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent, Respondent,

UNITED STATES FIRE INSURANCE COMPANY OF NEW YORK,

Cargo Claimant, Respondent,

IDA RUTH HEARD, *et al.*,

Death Claimants, Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

The Petitioners, Marine Sulphur Transport Corporation, as Owner (hereinafter referred to as "MSTC") and Marine Transport Lines, Inc., as Demise Charterer (here-

inafter referred to as "MTL") of the Vessel MARINE SULPHUR QUEEN ("MSQ"), respectfully pray that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Second Circuit entered in this proceeding for exoneration from or limitation of liability (46 U.S.C. §183) on April 25, 1972.*

Opinions Below

The opinion of the United States District Court for the Southern District of New York (Cannella, J.) is reported at 312 F. Supp. 1081 and is printed *infra*, Appendix, pp. 47a-90a. The opinion of the Court of Appeals for the Second Circuit is reported at 460 F. 2d 89, and is printed *infra*, Appendix, pp. 20a-46a.

The decisions of the Court of Appeals denying the petitions of MSTC and MTL for rehearing and rehearing *in banc* are not reported but are printed *infra*, Appendix, pp. 91a-95a.

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* The following is a list of those who have been styled as Death Claimants and are respondents herein:

Ida Ruth Heard, Ethel Grice, Doris Howard, Virginia E. Hunt, Sally Ardoin, Vivian J. Price, Hattie Smith, Sarah McGuire, Yvonne Jones, Kate Devine, M. B. Antonelli, Bettye Bodden Gray, Eza Bodden, Josefa Valdez, Angie Cunningham, Geraldine Fanning, Eunice Hall, Monica Sloat, Halga Watson, Agnes Fontenot, Rena Rose Courville, Elizabeth Husch, Emma Green, Thelma Phillips, Patsy Fontenot, John Clark, Julia Boykins, Thelma Jones, Viola Fruge Tate, Anna T. Zachar, Vial Manuel, Ann Dorsey, June B. VanSickle, Ann Denton, Margaret Clauser, Doris Schneeberger, Edith Norwood Martin, Genoveva Phillips, Claire Irene Vicera, Delores Harold Smith, Dorothy Thompson, Betty Cole, Josephine Santos Pizarro and Jimmie Lee Hunter.

Jurisdiction

(i) The judgment of the Court of Appeals for the Second Circuit was entered on April 25, 1972.

(ii) The orders of the Court of Appeals denying the timely petition of MSTC and MTL for rehearing and for a rehearing *in banc* were entered on June 2, 1972.

(iii) The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

Questions Presented

The MARINE SULPHUR QUEEN, a T-2 tanker converted pursuant to a shipbuilder's design approved by the United States Coast Guard and the American Bureau of Shipping for the coastwise carriage of molten sulphur, disappeared on the high seas in rough weather, in an unwitnessed, inexplicable sinking, after two years of successful operation in the specific trade for which she was converted and in which she had survived four severe storms including two hurricanes. Before breaking ground on the last voyage, the vessel had completed her biennial Coast Guard inspection, load line inspection, FCC inspection, and the hydrostatic testing of her boilers and had been certificated for continuation in the same coastwise trade for another two years.

1. Whether the Courts below had any right to substitute, or any basis for substituting their judgment for that of the administrative agencies charged by Congress with responsibility for the safety of the conversion design, reconstruction, stability and load line of the vessel?

2. Whether the Courts below misapplied a presumption of causation, properly applicable only to unexplained sinkings in calm seas, in denying the vessel owner and the bareboat charterer both exoneration from and limitation of liability?

3. Whether the Courts below, in denying the petitioners limitation of liability, erroneously disregarded the effect of the petitioners' compliance with the requirements of the United States Coast Guard and the American Bureau of Shipping?

Constitutional Provision, Statutes and Regulations Involved

The constitutional provision is the Commerce Clause, U. S. Const. art. 1 §8, cl. 3. The statutes involved are the Coastwise Load Line Act, 46 U.S.C. 88(a), 88a, 88b, 88c and 88f, the Limitation of Liability Act, 46 U.S.C. 183, the statutes delegating to the United States Coast Guard the responsibility for the design, inspection and structural safety of vessels, 46 U.S.C. §§369(a), 372, 375, 391(b) and (d) and 391a, the Jones Act, 46 U.S.C. 688, and the Death on the High Seas Act, 46 U.S.C. 761. All of the foregoing as well as pertinent regulations relating to the design, construction, inspection, stability and load lines of vessels are set forth in the Appendix hereto at pages 1a-19a.

Statement of the Case

This admiralty litigation, involving questions of importance to the entire shipping community, stems from the loss of petitioners' U. S. flag vessel, the MARINE SULPHUR QUEEN, a T-2 tanker converted for the carriage of molten sulphur, when that vessel, while en route from Beaumont, Texas to Norfolk, Virginia on her 64th coastwise round trip voyage, suddenly and inexplicably disappeared in an unwitnessed sinking on the high seas in the Gulf of Mexico in strong winds and rough seas on February 4, 1963 with the loss of her 39 man crew and a cargo of molten sulphur.

Claims in excess of $20,000,000.00 were made in connection with the deaths, and a claim in excess of $400,000.00 was made for the cargo loss by United States Fire Insurance Company of New York asserting its claim as the subrogee of the cargo owner, Texas Gulf Sulphur Company.

Federal jurisdiction in this case arises under the Limitation of Liability Act, 46 U.S.C. §183, pursuant to which petitioners seek exoneration from, or limitation of liability, and under the Jones Act, 46 U.S.C. §688, the Death on the High Seas Act, 46 U.S.C. §761, and the general maritime law, under some or all of which the Death Claimants succeeded at trial in fastening liability for the loss of the crew on the petitioners and Bethlehem Steel Corporation ("Bethlehem"), the shipyard which designed and carried out the vessel's conversion into a molten sulphur tanker and handled the vessel's drydocking and repairs during the two years of the vessel's operation down to the date of the loss.* The conversion design prepared by Bethlehem,

* On the appeal to the Court of Appeals, that decision was affirmed as to petitioners but reversed as to Bethlehem. At trial, the

described by the Court below as a competent shipbuilder, was submitted to the United States Coast Guard and the American Bureau of Shipping, the agencies charged with the responsibility for the safety of the design, construction, loading and navigation of vessels. Those agencies required the making of certain revisions and then, when the revisions were made, approved the plans.

Marine Transport Lines, Inc. ("MTL"), one of the petitioners, which had theretofore conducted the negotiations with Bethlehem and earlier negotiations for a long term charter party with the shipper, Texas Gulf Sulphur Company, then entered into a bareboat charter from its wholly-owned subsidiary, Marine Sulphur Transport Corporation ("MSTC"), the other petitioner, which purchased a T-2 tanker, after it had been surveyed by Bethlehem and MSTC's agents, and delivered that vessel to Bethlehem for the actual conversion. MTL completed the negotiations for, and entered into a 12 year consecutive voyage charter party with Texas Gulf Sulphur Company for the carriage of the molten sulphur to be provided by that company.

The construction work done in connection with the conversion was monitored by representatives of both the United States Coast Guard and the American Bureau of Shipping, with the Coast Guard imposing additional strength and safety requirements, calling for the renewal and replacement of practically all of the underdeck longitudinal girders in December, 1960, when the conversion work was well nigh complete. Those requirements were imposed because a T-2 tanker, the PINE RIDGE, had just broken in two, and those requirements were met.

Cargo Claimant had succeeded against petitioners but not against Bethlehem. On appeal to the Court of Appeals, that decision was reversed as to petitioners and affirmed as to Bethlehem.

At the conclusion of the conversion, the Coast Guard conducted a stability test and then, on January 18, 1961, issued a certificate to the vessel, classed by the American Bureau of Shipping as +A 1 (E), for the coastwise carriage of molten sulphur for two years. The vessel successfully performed 63 round trip voyages and withstood four intense storms, including two hurricanes, in so doing. In the latter part of 1961, inspections by the Coast Guard and the American Bureau confirmed that the vessel remained in class and entitled to retain her load line certification. The vessel was subsequently dry-docked for her mid-period inspection in late January and early February of 1962 at which time she was put in repair and was again inspected by representatives of the United States Coast Guard and the American Bureau of Shipping and was approved by them.

Before the vessel broke ground on February 2, 1963 to depart on her final voyage, she had completed the final stages of her biennial inspection by the Coast Guard, and the Coast Guard had also completed the hydrostatic testing of the vessel's boilers that was not due for months to come but was advanced by the Coast Guard at the request of the vessel owners so that the expiration dates of the several examinations would coincide in the future. Her load line certificate, which was not due to expire for many months, had been renewed by the representatives of the American Bureau of Shipping who also advanced that inspection at the owners' request, and she had completed inspection by the representatives of the Federal Communications Commission. At the time of sailing, her certification for the coastwise carriage of molten sulphur had already been renewed for another two year period. (Jt. App., pp. 3921a, 3929a, 4640a-41a; McGraw, pp. 822a-823a; Heinrich, pp. 367a-368a; Coburn, pp. 543a-559a.)

Following the vessel's disappearance, the United States Coast Guard, in addition to mounting a massive search for the vessel which was unsuccessful, convened a Marine Board of Investigation which conducted an extensive investigation into the loss. At the conclusion of the investigation, which lasted for six months, the Marine Board rendered its report on August 23, 1963. That report was reviewed by the Commandant of the United States Coast Guard who, on March 17, 1964, generally concurred in the Board's report which included, among other conclusions, the following:

> "5. The Board has considered many causes for the disappearance of the vessel. However, these causes remain only possibilities and the available evidence precludes the assignment of any order of probability to these causes. In the conclusions which follow no attempt is made to exhaust all possible causes for the vessel's disappearance. It is not the intent of the Board to negate the possibility that this casualty was occasioned by other causes which in the light of experience have been found to have resulted in the foundering of vessels." (Report of Marine Board of Investigation, Jt. App., p. 3946a.)

During the pendency of the Coast Guard investigation, petitioners instituted a proceeding for exoneration from, or limitation of liability. Bethlehem was impleaded in the proceeding by the Death Claimants and the Cargo Claimant who alleged that Bethlehem was strictly liable for the negligent design, conversion and repair of the vessel. Following the completion of the Coast Guard investigation, an exhaustive and extensive six year program of discovery, document production and deposition taking was conducted, the results of which shed no further light on the vessel's disappearance.

After a four week trial, confined to the issue of liability, which was concluded in July of 1969, United States District Judge Cannella rendered his decision on May 12, 1970, printed *infra,* pp. 47a-90a, in which he acknowledged (*infra,* p. 75a) that, after all was said and done, "no one knows how the vessel was lost" but then held MSTC and MTL, the petitioners, liable without limitation to both the Death Claimants and the Cargo Claimant and held Bethlehem liable to the Death Claimants. The District Court, saying that logic supported petitioners' claim that the vessel capsized in adverse weather conditions and also supported claimants' theory of a massive structural failure (*infra,* pp. 74a-75a), declined to make a finding of any specific cause of the loss.

Instead, Judge Cannella arrived at a premise that there was unseaworthiness by following three approaches and then, erroneously applying the rule of *The Pennsylvania*[*] or a presumption of causation that was mistakenly said to operate like the rule of *The Pennsylvania,* concluded that the petitioners, saddled with the burden of proof which the Court said had shifted to them, had failed to prove that such unseaworthiness could not have caused the loss.

Two of the District Court's approaches involved a holding that the vessel lacked structural safety. This holding flew in the face of the fact that the vessel's conversion pursuant to Bethlehem's design had been approved at every step as to the conversion design, the actual conversion and her structural safety by the United States Coast Guard and the American Bureau of Shipping.

The first approach followed by the District Court with respect to design was to say that (a) there was a rule of

[*] 86 U.S. 125 (1874).

the American Bureau of Shipping on the distance between bulkheads that had been violated, (b) this violation was a statutory fault, (c) the rule of *The Pennsylvania*[*] was applicable and (d) MSTC and MTL were liable because they could not prove that the statutory fault not only did not cause, but could not have caused the loss.

The second approach used by the District Court with respect to the supposed lack of structural safety of the vessel as converted pursuant to Bethlehem's approved design merely went into the details of the various removals and additions of structure and the particular manner of the installation of the cargo tank in the course of the carrying out of the conversion as designed and approved. Without referring to statutory fault, the District Court simply substituted its judgment that the vessel's conversion was not properly designed and carried out for the judgment of the United States Coast Guard and the American Bureau of Shipping that the vessel was properly designed and converted and held that the vessel was unseaworthy on that account. The Court went on to say that there was a presumption of causation that operated much like the rule of *The Pennsylvania*[*] and that MSTC and MTL were liable because they could not prove that the supposed structural unseaworthiness found by the Court not only did not cause, but could not have caused the loss.

The third approach followed by the District Court related only to MTL, as the employer of the crew under the Jones Act. On that approach, the District Court stated that MTL negligently overloaded the vessel on the last voyage by carrying 15,315 tons of molten sulphur instead of the 15,211 tons that the District Court mistakenly thought was the "optimum" amount the vessel could carry. With

[*] 86 U.S. 125 (1874).

respect to the cargo tonnage aspect of that approach, the District Court entirely disregarded the Coastwise Load Line Act and the undisputed fact that the vessel's load line was never submerged on the last voyage or on any earlier voyage for that matter. In disregarding the vessel's load line, the District Court once again ventured improperly into the precincts belonging to, and patrolled by the United States Coast Guard and the American Bureau of Shipping.

In addition, the 15,211 ton figure stressed by the District Court as representing the "optimum" tonnage of the vessel, was not that at all. That figure, found at page 6 of the Trim and Stability Booklet (Jt. App., p. 3746a), was simply, as noted in the booklet, the result of an arithmetical calculation of the quantity of molten sulphur at an assumed temperature of 275° and an assumed density of 20.08 cu. ft. per ton based in turn on a carbon content of .2% (TGS Sulphur Manual, Tables p. A-9, Jt. App., p. 4046a). The figures for the temperature and purity of the sulphur on the last voyage (and also earlier voyages) were both lower than the assumed figures found in the Booklet (see, e.g., Vessel Rep., Jt. App., 3737a-38a; Assay Certificates, *id.*, pp. 3882-85a) thus accounting for the tonnages in excess of 15,211 tons for which the vessel had capacity in her tanks, inclusive of the use made of a portion of the expansion trunks which were specifically designed for the carrying of cargo in that space. (See Conversion Specs. Sec. 301, Jt. App., p. 3681a.)

Once again, the District Court coupled to its premise as to unseaworthiness the presumption of causation that the District Court said operated like the rule of *The Pennsylvania** and said that petitioner MTL, the employer

* 86 U.S. 125 (1874).

of the crew, had the burden of proving, but hadn't proved that the supposed "overloading" not only did not cause but could not have caused the loss.

The presumption of causation applied by the District Court was improperly stretched by it in two respects. In the first place, that presumption had only been used in the case of unseaworthy vessels that were lost in unwitnessed, unexplained sinkings in calm seas as contrasted with the situation in the instant case in which the vessel was concededly lost when there were rough seas and strong winds. In the second place, the presumption was further extended in that it was treated as having the same effect as the rule in *The Pennsylvania** with the result that the burden of proof was improperly shifted to the petitioners.

On appeal, the Court of Appeals correctly held that (a) the District Court erred in finding a statutory fault by misreading the American Bureau of Shipping rule in question and by ignoring the approvals given by the United States Coast Guard and by the American Bureau of Shipping and (b) the *Pennsylvania* Rule did not apply. In so holding, the Court of Appeals specifically found that the Coast Guard and the American Bureau of Shipping had not acted unreasonably, arbitrarily or capriciously in approving the conversion design of the vessel (p. 32a, *infra*).

Notwithstanding that, the Court of Appeals, citing only dicta in a case limited to the type and availability of life preservers,** held that the District Court was free to find unseaworthiness in the vessel's design and refused to disturb the District Court's findings as to unseaworthiness

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* 86 U.S. 125 (1874).

** *Schlichter* v. *Port Arthur Towing Co.*, 288 F. 2d 801, 804-5 (5th Cir. 1961), *cert. denied*, 368 U.S. 828 (1961).

in the design and load line, both of which matters came within the competence of, and had been approved by the United States Coast Guard and the American Bureau of Shipping.

With respect to the matter of causation, the Court of Appeals faulted the District Court for the authorities cited by that Court in extending the calm-sea presumption of causation to our rough-weather situation but then went on to cite a different but equally inapplicable set of authorities as the basis for approving the extension of the presumption to a rough-sea situation and putting on the petitioners a "production" burden to show that the unseaworthiness that existed in the eyes of the Courts, but not the responsible administrative agencies, could not reasonably be inferred to be the cause of the loss.

On top of all else, both Courts below held that the petitioners somehow were chargeable with knowledge, before the Courts spoke, that the structural safety found by the administrative agencies would not be found to exist by the Courts examining the situation years after the loss took place. The Courts below thus nullified the effect that, at a minimum, should have been given to the Limitation of Liability Act in this case since the petitioners were entirely justified in relying on the approvals given by the administrative agencies.

REASONS FOR GRANTING THE WRIT

I.

The Courts below acted improperly and were wrong in substituting their judgment for that of the administrative agencies.

As we have noted, the Court of Appeals recognized the correct rule to the extent that it overruled the District Court on the ground that that Court had improvidently disregarded the actions of the United States Coast Guard and the American Bureau of Shipping in approving the conversion design and reconstruction of the vessel, specifically finding that those administrative agencies had not been unreasonable, arbitrary or capricious (p. 32a, *infra*). On that basis, the Court of Appeals held that the rule of *The Pennsylvania** was not applicable and that the petitioners did not have the burden of proving that the supposed violation of a "100 foot rule" not only did not cause, but could not have caused the loss of the vessel.

However, the Court of Appeals curiously went on to hold that the District Court could nevertheless hold the vessel structurally unsafe despite the fact that it complied in all respects with the design, reconstruction, stability requirements and load line approved by the United States Coast Guard and the American Bureau of Shipping. This result was reached despite the Court's own finding that the administrative agencies were not arbitrary or capricious or unreasonable in any respect (p. 32a, *infra*). That

* 86 U.S. 125 (1874).

decision erroneously exceeded the bounds of judicial action in dealing with actions of administrative agencies.

The decision below ventured into an area reserved to Congress with respect to which the Courts had no right to interfere because the Commerce Clause of the Constitution gives Congress the control of ship design. United States Constitution, art. 1, §8 cl. 3; *Gibbons* v. *Ogden*, 9 Wheaton 1 (1824) and THE DANIEL BALL, 10 Wall. 557, 564 (1870).

This control by Congress of the design of vessels and the procedures for assuring the structural safety and safe navigation of vessels is similar to the control of Congress over bridges and the construction of river basins when related to navigation. With respect to that area, this Court has held that it is not the province of the Courts to interfere with the decisions of the Government's representatives. *Monongahela Bridge Company* v. *United States*, 216 U.S. 177, 195 (1909) and *United States* v. *Twin City Power Co.*, 350 U.S. 222 (1956).

In connection with ships, Congress (a) provided that the Coast Guard must have a technical staff, consisting of the Commandant and technical members, selected for their knowledge, skill and practical experience in designing and supervising the construction and operation of vessels, to be competent judges of the character, strength, stability and safety qualities of vessels and their equipment (46 U.S.C. §369(a), *infra*, pp. 5a-6a), (b) delegated to the Commandant of the Coast Guard the duty of producing a correct and uniform administration of the vessel inspection laws, rules and regulations (46 U.S.C. §372, *infra*, p. 7a) and (c) gave the Commandant the power to make ap-

propriate regulations that have the effect of law. 46 U.S.C. §375, *infra*, p. 7a. Detailed regulations showing that the Commandant took appropriate action with respect to all areas pertaining to vessel design, construction, stability, load lines, inspection and maintenance will be found *infra*, pp. 12a-19a.

This Court has said that not even a State can busy itself with the design of vessels subject to the control of Congress (*Kelly* v. *Washington*, 302 U.S. 1, 15 (1937)), and it is accordingly not surprising that, except for the instant case, no Court has substituted its judgment for that of the United States Coast Guard in connection with the structural safety of vessels but that the Courts rather have recognized the expertise of the United States Coast Guard in this area (*In re Defense Plant Corporation*, 58 F. Supp. 931 (W.D. Tenn. 1945); *Barge Mississippi*, 1963 A.M.C. 1091 (E.D. Mo. 1961) and *Barge Mississippi*, 1965 A.M.C. 1899 (E.D. Mo. 1965)) and that this Court has held that vessel owners are entitled to rely on Coast Guard approval even where such approval might seem to be at some variance with a statutory provision. *La Bourgogne*, 210 U.S. 95 (1908).

The limitation placed on Courts considering actions of administrative agencies dealing with specialized fields, or involving special expertise or technical data or engineering skill has been made familiar by decisions of this Court. *Udall* v. *Tallman*, 380 U.S. 1 (1965); *Universal Camera Corp.* v. *NLRB*, 340 U.S. 474 (1951); *Hearin-Miller Transporters* v. *United States*, 301 F. Supp. 258 (S.D. Miss. 1969), aff'd *sub nom. Chemical Leaman Tank Lines, Inc.* v. *United States*, 397 U.S. 41 (1970) and *Copperweld Steel*

Co. v. *United States,* 106 F. Supp. 283 (W.D. Pa. 1952), aff'd 344 U.S. 871 (1952).

Even when administrative agencies construe the law, an area in which the Courts are presumably most expert, the Courts defer to the agencies' rulings in the absence of arbitrariness or capriciousness, and this has been so in cases involving ships as well. *Gillentine* v. *McKeand,* 426 F. 2d 217 (1st Cir. 1970); and *Cargo Carriers, Inc.* v. *Snyder,* 104 F. Supp. 258 (D. D. C. 1952), aff'd *sub nom. Cargo Carriers, Inc.* v. *Humphrey,* 206 F. 2d 483 (D. C. Cir. 1953).

In the instant case, all the more reason existed for the Courts to have recognized the bar to activity on their part created by the actions of the United States Coast Guard in approving the design, construction, stability, maintenance and load line of the vessel.

Since it was only in the areas of structure, stability and load line that the District Court, which specifically declined to make a finding as to any cause for the loss of the vessel, even came close to saying that a condition might have existed that related to the loss, and all of those areas were matters for the competence of the United States Coast Guard rather than the Courts, it would appear that there was no basis here for any finding of unseaworthiness and, accordingly, no basis for any presumption of causation based on unseaworthiness.

With special reference to the subject of the load line of a vessel, the classic teaching on this score is found in *The Indien,* 71 F. 2d 752, 759-760 (9th Cir. 1934), which contains an instructive discussion of the pitfalls encountered in dealing with cargo tonnages rather than a vessel's load line. It is particularly significant here because it was into just

such a pitfall that the Courts below tumbled when they mistook a cargo tonnage figure of 15,211 tons, given merely as a calculation of the quantity of a molten sulphur cargo based on an assumed temperature and purity of a particular sulphur, for the "optimum" tonnage to be carried by the vessel and then proceeded to ignore the fact that the proof in this case was uncontradicted that our vessel's load line had never been submerged on the last voyage or any of the prior 63 round trip coastwise voyages. (Vessel Rep., Jt. App. pp. 3737a-8a; Fike, *id.* pp. 234a-5a.)

The extreme position taken by the Courts below in fastening liability on the petitioners is demonstrated as to MSTC by the conflict created by the instant decision of the Court of Appeals with earlier decisions of that very same Court. In *Cannella* v. *Lykes Bros. S.S. Co.*, 174 F. 2d 794 (2nd Cir. 1949) and *Grillea* v. *United States*, 229 F. 2d 687 (2nd Cir. 1956), rev'd on other grounds 232 F. 2d 919 (2nd Cir. 1956), the Court had held, quite properly and understandably, that a vessel owner is not responsible for an unseaworthy condition coming into existence after the delivery of the vessel to the demise charterer under a bareboat charter. In this case, the loading practice, if objectionable, did not exist at the time of that delivery, and the Court of Appeals recognized that fact but sought to justify holding liable petitioner MSTC, the vessel owner who had delivered the vessel under a bareboat charter to MTL in January of 1961, on its delivery by the shipyard and before the vessel sailed to its first loading port, by saying that, since MSTC was wholly owned by MTL, the stock of MSTC would be available to a judgment creditor if the other assets of MTL were not sufficient to permit collection of a judgment! That point might have some bearing in a proceeding brought by a

judgment creditor to collect on a judgment, but hardly furnishes a legal basis for denying exoneration to the vessel owner here. Equally extreme is the disregard in the decision below of administrative agency action that the Courts should have regarded as binding on them.

From any point of view relating to the structural safety of the vessel, the actions of the United States Coast Guard, taken pursuant to the mandate of Congress, and acknowledged by the Court of Appeals in this case to have been reasonable and not arbitrary and capricious (*infra*, p. 32a), foreclosed the Courts below from holding that there was a lack of structural safety that gave rise to unseaworthiness and provided a basis for applying any presumption of causation. The decision reached here deals with questions of importance in the maritime law, is in conflict with decisions of this Court and constitutes such a departure from the judicial role in dealing with administrative determinations as to cry out for the exercise by this Court of its general power of supervision.

II.

The Courts below were in error in misapplying a presumption of causation, properly applicable only to unexplained sinkings in calm seas, and in denying petitioners exoneration from and limitation of liability.

Until this case was decided below, the decisions rendered, in cases of unwitnessed, unexplained sinkings, by Courts making use of a presumption of causation on the basis of the existence of an unseaworthy condition limited its application to those instances in which the loss occurred when the seas were calm. The District Court recognized that fact in its opinion (*infra*, pp. 75a-76a) but went on, in all candor, to extend the presumption to the facts in our case which concededly involved strong winds and rough seas.

During the oral argument of the appeal to the Court of Appeals, counsel for the Death Claimants conceded that they were asking the Court to extend the application of the calm-seas presumption to our rough-seas situation. The decision of the Court of Appeals did not acknowledge that it actually made that extension. It hit on the device of talking about "expectable" weather and then cited calm-sea cases in support of its statement that the presumption was applicable to "expectable" weather.

This question of whether or not there should be an extension of a calm-seas presumption to a situation such as ours, involving an unwitnessed, unexplained loss of a vessel on the high seas, in conditions of strong winds and rough seas, is of great importance in the maritime law and is of first impression in this Court and deserves more than the bland use of the label "expectable" to hide the fact that an

extension of a legal principle is actually being put into effect. The use made of the presumption here also involves the question of its effect on the burden of proof. For the Court of Appeals in this case used references to "expectable" weather not only to justify its use of the presumption but also to say that the petitioners could not meet the burden of production placed on them by the presumption (*infra*, pp. 34a-36a). The effect of that was to endow the presumption with the qualities of the rule in *The Pennsylvania*, 86 U.S. 125 (1874).

In *Commercial Molasses Corp.* v. *New York Tank Barge Corp.*, 314 U.S. 104 (1941), in which this Court ruled on a presumption of unseaworthiness arising from an unexplained sinking of a barge in a harbor in smooth water, without any other apparent or probable cause, the Court, in granting certiorari, recognized the importance of the question of the application of that presumption and the resultant effect on the burden of proof in that situation. 314 U.S., at p. 108.

Furthermore, the extension of the presumption of causation to a rough-seas situation by the Courts below is in conflict with this Court's ruling in *Commercial Molasses* both as to the use of the presumption and its effect on the burden of proof. In addition, while the decision of the Court of Appeals referred to "dicta", in citing *Walston v. Lambertsen*, 349 F. 2d 660 (9th Cir. 1965), cert. den. 382 U.S. 980 (1966) in its opinion (*infra*, p. 34a)* as though *Walston*

* Of the other cases cited by the Court of Appeals on this point, only *The Cleveco*, 154 F. 2d 605 (6th Cir. 1946), involved rough seas but that case did not involve the use of any presumption of causation; the sinking there was witnessed and the lost tug's unseaworthiness, that witnesses said caused the loss, was a matter of Coast Guard record and restriction before the tow began.

supported the extension, the thrust of *Walston* is in conflict with the result here on several grounds for the Court there stated, at pp. 662, 663:

> "Our court has held that if a claimant establishes that a vessel is unseaworthy, the trial court may presume that the unseaworthiness was the proximate cause of the sinking, otherwise unexplained, of a vessel in *calm seas* • • • The sea itself contains many hazards and an inference of liability of the shipowner for the mysterious loss of his vessel should not be lightly drawn. The court below obviously and properly believed that *there could be no foundation for the inference absent satisfactory proof of an unseaworthy condition which might reasonably be expected to relate directly to the sinking* of the vessel." (Emphasis added.)

Inherent in the decisions below in this case was a lack of recognition of the need to find that unseaworthy conditions, to provide a basis for the application of a presumption of causation, must, as indicated at the end of the quotation above, be reasonably expected to relate directly to the sinking of the vessel. The District Court recognized this to the extent of consigning to a footnote a quick reference the Court made to "other unseaworthy conditions" (see 312 F. Supp. at page 1096, fn. 40)* but the Court of Appeals, without considering any reasonable relationship between those conditions and the loss of the vessel, simply lumped them all together in straining to find that there was a "totality" of conditions that the District Court must somehow have considered was the proximate cause of the loss despite the fact that the District Court did no such thing. In so doing, the Court of Appeals ignored the proof in this case that led the District Court to put severe restrictions on its findings and conclusions. Not only did the Claimants' chief

* Pp. 71a-72a, *infra*.

witness on naval architecture state that the conversion was the sole cause of the loss (Jt. App., p. 2614a) but the debris from the vessel, found only weeks after the sinking, showed no evidence of fire or explosion (Jt. App., pp. 3967a-3969a).

A particularly significant decision on the point of the need to limit the calm-sea presumption of causation to just that situation and not to apply it to a situation involving adverse weather is found in *The South Coast,* 71 F. 2d 891 (9th Cir. 1934) *cert. den.* 293 U.S. 627 (1934), where the Court discussed that problem, at pages 893-4 of 71 F. 2d, and pointed out that the claimants there had not sustained the burden of showing that nothing but unseaworthiness could explain the accident and said that:

> "In this case the evidence shows that there were adverse conditions of weather, of current and dangerous reefs, and there is no evidence how the vessel was being handled." (71 F. 2d at 894)

In decrying the weather conditions in our case as "expectable" and by that token not meeting petitioners' burden of production, the Court of Appeals did not properly weigh those conditions as countering any inference that might be drawn with respect to causation. The District Court did consider that the weather might well have played a part in the disappearance of the vessel, but, having extended the calm-seas presumption to shift to petitioners, in this rough-seas case, the burden of proving that the unseaworthiness, found by the Court, not only did not cause, but could not have caused the loss, did not have occasion to consider that the proof tendered with respect to the weather left the matter of causation so in doubt that the Claimants' case rested on nothing more than the surmise, speculation and conjecture Justices of this Court have indicated will not

suffice to support a jury verdict in an FELA case (*Elgin, Joliet & Eastern Railway Co.* v. *Gibson,* 355 U.S. 897 (1957)) and that should not have sufficed to support the decision here.

The proof relating to the weather and its effects was accepted by the District Court as showing that the weather was a possible cause of the loss of the vessel by capsizing, and the Court compared it with the only other cause it mentioned as also being supported by logic, namely, a massive structural failure. See pp. 74a-75a, *infra.*

However, the Court of Appeals did not ponder that proof but went out of its way (at p. 35a, *infra*) to talk about "• • • such improbable theories of cause as meteors or lightning, • • •" (theories put forward by Bethlehem) as though that constituted proof put forward by the petitioners that somehow demeaned the proof they did in fact put forward with respect to the weather and the possibility of capsizing because of resonant rolling or a freak sea.

The actual records of vessels in the area which were put in evidence at the trial showed that the weather in the vicinity of our vessel was considerably worse than that indicated in the hindcast to which the Court of Appeals made passing reference. Those reports showed that winds as high as Force 11 were experienced (Log of the TEXACO CALIFORNIA, Jt. App., pp. 3975a-6a), that the seas were both rough and confused, and that one particular vessel, singled out by the Court of Appeals as having succeeded in sailing through the storm without damage, had to make many changes of course and actually altered course so radically that she wound up headed for Mexico rather than for her loading port of Houston in her efforts to avoid

damage from the weather encountered. (Log of TGS #1, Jt. App., pp. 3790a-92a; Bjorneby, *id.*, pp. 2856a-58a.)

Striking testimony with respect to the possibility of the loss of the vessel by resonant rolling was given by Mr. Robertson, a naval architect employed by the United States Coast Guard, who pointed out that, with the wind abaft the vessel's port beam, the direction in which it appeared that the wind would have been striking the vessel, she would have been pitching and yawing so radically that she could have capsized unless prompt attention was given to changing her course and doing that in less than a minute's time (Robertson, Jt. App., p. 1255a). The Marine Board of Investigation recognized capsizing as a possible cause in its Report (Jt. App., pp. 3951a-52a). See *Petition of Moore-McCormack Lines,* 164 F. Supp. 198, 204 (S.D.N.Y. 1958).

With that evidence presented, and in the light of the fact that no distress signal was sent although it would have taken only seconds to get one off (*infra,* p. 74a), it would appear that petitioners met the production burden as envisaged by this Court in *Commercial Molasses* v. *N. Y. Tank Barge Corp., supra,* 314 U.S. 104, 110-114, and that the presumption should have been held to have disappeared from the case. IX Wigmore, *Evidence,* §2491 (1940) and *Model Code of Evidence,* Rule 704(2) (1942). Such, however, was not the ruling below.

To extend a calm-seas presumption of causation to, and treat it as unanswerable in the rough-seas situation of the character described above manifestly involves a considerable extension of the law in this area, and it is respectfully submitted that the question of any such extension and its

effect on the burden of proof is at least as important in the maritime law as the question of applying a presumption to the sinking of a barge in smooth water in a harbor and the effect on the burden of proof of such presumption that led this Court to grant certiorari in *Commercial Molasses Corp.* v. *New York Tank Barge Corp.*, 314 U.S. 104 (1940).

III.

Petitioners' compliance with the requirements of the United States Coast Guard entitled them, at a minimum, to limitation of liability.

The foregoing portion of this petition sets forth petitioners' view that they should be entitled to full exoneration. Without in any way detracting from that position, note is taken here of the fact that, if it can now be said that there was an unseaworthy condition here, on the basis of judgments in the field of naval architecture newly announced by the Courts in the face of contrary decisions rendered by the United States Coast Guard right down to the time that the vessel took her departure on her last voyage, and that it directly related to the loss of the vessel, petitioners should be entitled, at a minimum, to limitation of liability. If the United States Coast Guard, charged with the responsibility for assuring the structural safety of vessels and acting in a field specifically reserved to it by Congress, was not aware of structural insufficiency, lack of stability and an improper load line concept, it cannot be said that the petitioners, who were not ship designers or ship builders, should have had any such awareness. On that basis, it can hardly be said that the petitioners were privy to, or had knowledge of an unseaworthy condition related to the loss of the vessel.

The extreme position taken by the Courts below with respect to privity and knowledge is pointed up by what we have previously noted (*supra*, pp. 18-19) as the conflict created by this decision by the Court of Appeals with its own decisions in the earlier cases of *Cannella* v. *Lykes Bros. S.S. Co.*, 174 F. 2d 794 (2nd Cir. 1949) and *Grillea* v. *United States*, 229 F. 2d 687 (2nd Cir. 1956), rev'd on other grounds 232 F. 2d 919 (2nd Cir. 1956). The point made there that petitioner MSTC, the vessel owner which delivered the vessel under a bareboat charter before the vessel even sailed for her first loading port could not be bound by any unseaworthy condition coming into existence after such delivery, has to be made again here since the decisions of the Courts below go so far as to suggest that MSTC somehow was chargeable with advance knowledge of a condition or conditions clearly not even in existence at the time of that delivery of the vessel under the bareboat charter.

The effect of the decisions below is to perform a total emasculation of the Limitation of Liability Act, and this in itself would appear to be an important question of maritime law meriting the consideration of this Court.

As far back as *La Bourgogne*, 210 U. S. 95 (1908), this Court held that shipowners were entitled to rely on compliance with the requirements of the regulatory agency and that such compliance effectively negated any privity or knowledge that might rob them of the right to limitation of liability because of the existence of a particular condition known to and approved by the regulatory agency that might have been viewed in some quarters as constituting a statutory violation and an unseaworthy condition. The decisions below are in direct conflict with that decision.

More recently, this Court rendered another decision with which the decisions below are in direct conflict. In *Coryell v. Phipps*, 317 U.S. 406 (1943), this Court held that a vessel owner not on notice as to the existence of a defect in his vessel cannot be denied the benefit of limitation with respect to a loss presumed to have resulted from that defect. Indeed, this Court went on to state that the Limitation Act should not be administered "with a tight and grudging hand but broadly and liberally" to achieve its purpose (317 U. S. at p. 411), making the conflict produced by the decisions of the Courts below with that decision all the more pronounced.

The decisions below are also in conflict with at least one decision of the Ninth Circuit. In *The South Coast*, 71 F. 2d 891 (9th Cir. 1934) *cert. den.* 293 U. S. 627 (1934), that Circuit held that a shipowner, who had been guided by, and complied with the requirements of the regulatory agency having the duty of insuring the safety of the vessel and properly inspecting her boilers, was entitled to limitation since the activity on the part of the regulatory agency in carrying out the inspection was enough in and of itself to negate privity on the part of the owner with respect to any boiler defect even if one existed.

In the instant case, where the petitioners complied with the requirements of the regulatory agency, and those requirements were shown to have been sound by the vessel's successful operation in the carriage of molten sulphur for two full years, there is at least as much reason to find an absence of privity and knowledge on the part of the petitioners as there was in the cases cited above. Accordingly, it is submitted that petitioners should, at the very least, have been granted limitation of liability and that the denial

of limitation here involves both conflicts in decisions and an important question of maritime law that deserve the attention of this Court.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Dated: New York, N. Y.
August 28, 1972

Respectfully submitted,

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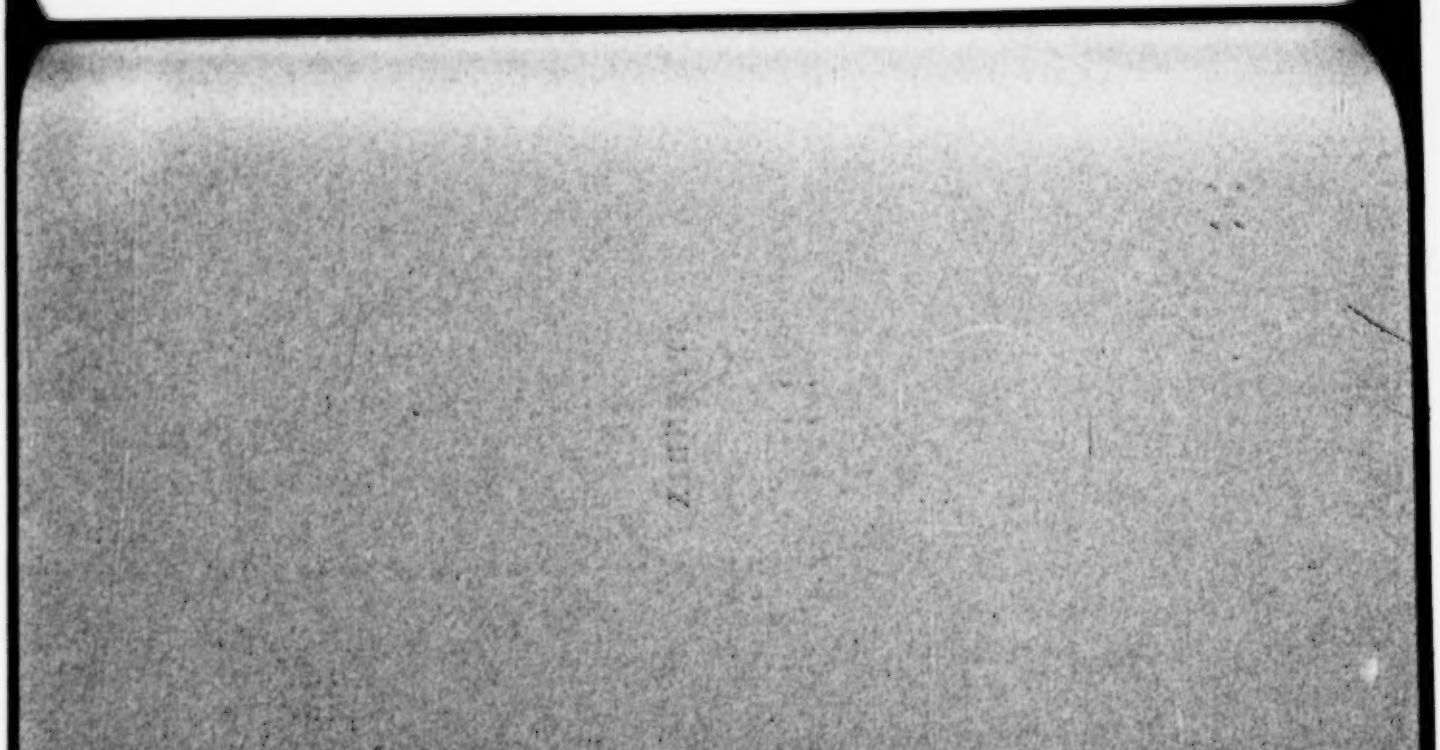
APPENDIX



APPENDIX

Constitutional Provision, Statutes and Regulations Involved

Constitutional Provision:

U.S. Const. Art. 1, § 8, cl. 3

The Congress shall have Power . . .

To regulate Commerce • • • among the several states, . . .

Statutes:

United States Code, Title 46 (1970):

LOAD LINES FOR VESSELS ENGAGED IN COASTWISE TRADE

§ 88. Establishment; vessels affected; exemptions.

(a) Load lines are established for merchant vessels of one hundred and fifty gross tons or over, loading at or proceeding to sea from any port or place within the United States or its possessions for a coastwise voyage by sea. By "coastwise voyage by sea" is meant a voyage on which a vessel in the usual course of her employment proceeds from one port or place in the United States or her possessions to another port or place in the United States or her possessions and passes outside the line dividing inland waters from the high seas, as defined in section 151 of Title 33.

• • • (Aug. 27, 1925, ch. 747, § 1, 49 Stat. 888)

§ 88a. Determination of load-water lines; application of sections 88 to 88i to Great Lakes.

The Secretary of the department in which the Coast Guard is operating is authorized and directed in respect of the vessels defined above to establish by regulations from time to time the load water lines and marks thereof indicating the maximum depth to which such vessels may safely be loaded. Such regulations shall have the force of law. In establishing such load lines due consideration shall be given to, and differentials made for, the various types and character of vessels and the trades in which they are engaged. • • • *Provided further,* That no load line shall be established or marked on any vessel, which load line in the judgment of the Secretary is above the actual line of safety. (Aug. 27, 1935, ch. 747, § 2, 49 Stat. 888; June 20, 1936, ch. 626, 49 Stat. 1543; July 3, 1941, ch. 276, 55 Stat. 578; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F.R. 7875, 60 Stat. 1097.)

§ 88b. Marking lines on vessels; approval of marks; certificate.

It shall be the duty of the owner and of the master of every vessel subject to sections 88 to 88i of this title and to the regulations established thereunder to cause the load line or lines so established to be permanently and conspicuously marked upon the vessel in such manner as the Commandant of the Coast Guard shall direct, and to keep the same so marked. The Commandant of the Coast Guard shall appoint the American Bureau of Shipping, or such other American corporation or association for the survey or registry of shipping as may be selected by him, to determine whether the position and manner of marking on such vessels the load line or lines so established are in accord-

ance with the provisions of said sections and of the regulations established thereunder: * * *. Such corporation, association or officer shall, upon approving the position and manner of marking of such load line or lines, issue a certificate, in a form to be prescribed by the Commandant of the Coast Guard, that the same are in accordance with the provisions of said sections and of the regulations established thereunder, and shall deliver a copy thereof to the master of the vessel. It shall be unlawful for any vessel subject to said sections and to said regulations to depart from any port or place designated in section 88 of this title without bearing such mark or marks, approved and certified by such corporation, association, or officer, and without having on board a copy of said certificate. (Aug. 27, 1935, ch. 747, § 3, 49 Stat. 888; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F. R. 7875, 60 Stat. 1097.)

§ 88c. Vessels so loaded as not to submerge lines or marks.

It shall be unlawful for any vessel subject to sections 88 to 88i of this title and to the regulations established thereunder to be so loaded as to submerge the load line or lines marked pursuant to section 88b of this title and to the regulations established thereunder applicable to her voyage; or to be so loaded as to submerge under like conditions the point where such load line or lines ought to be marked pursuant to the provisions of sections 88-88i of this title and of the regulations established thereunder; or to be so loaded as in any manner to violate the said regulations. (Aug. 27, 1935, ch. 747, § 4, 49 Stat. 889.)

§ 88f. Detention of vessels loaded in violation of sections 88 to 88i.

If any * * * Coast Guard district commander has reason to believe on complaint or otherwise that a vessel subject

to the provisions of sections 88 to 88i of this title is about to proceed on a voyage from a port in the United States or its possessions within his district without conforming to the provisions of section 88b of this title, * * * he may serve on the master or officer in charge of such vessel a written order detaining the vessel for the purpose of being surveyed to determine whether or not the provisions of sections 88 to 88i of this title are complied with. * * * (Aug. 27, 1935, ch. 747, § 7, 49 Stat. 889; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F.R. 7875, 60 Stat. 1097.)

LIMITATION OF LIABILITY

§ 183. Amount of liability; loss of life or bodily injury; privity imputed to owner; "seagoing vessel".

(a) The liability of the owner of any vessel, whether American or foreign, for any embezzlement, loss, or destruction by any person of any property, goods, or merchandise shipped or put on board of such vessel, or for any loss, damage, or injury by collision, or for any act, matter, or thing, loss, damage, or forfeiture, done, occasioned, or incurred, without the privity or knowledge of such owner or owners, shall not, except in the cases provided for in subsection (b) of this section, exceed the amount or value of the interest of such owner in such vessel, and her freight then pending.

(b) In the case of any seagoing vessel, if the amount of the owner's liability as limited under subsection (a) of this section is insufficient to pay all losses in full, and the portion of such amount applicable to the payment of losses in respect of loss of life or bodily injury is less than $60 per ton of such vessel's tonnage, such portion shall be increased to an amount equal to $60 per ton, to be available only for the payment of losses in respect of loss of life or bodily

injury. If such portion so increased is insufficient to pay such losses in full, they shall be paid therefrom in proportion to their respective amounts.

(c) For the purposes of this section the tonnage of a seagoing steam or motor vessel shall be her gross tonnage without deduction on account of engine room, and the tonnage of a seagoing sailing vessel shall be her registered tonnage: *Provided,* That there shall not be included in such tonnage any space occupied by seamen or apprentices and appropriated to their use.

(d) The owner of any such seagoing vessel shall be liable in respect of loss of life or bodily injury arising on distinct occasions to the same extent as if no other loss of life or bodily injury had arisen.

(e) In respect of loss of life or bodily injury the privity or knowledge of the master of a seagoing vessel or of the superintendent or managing agent of the owner thereof, at or prior to the commencement of each voyage, shall be deemed conclusively the privity or knowledge of the owner of such vessel.

• • • (R. S. § 4283; Aug. 29, 1935, ch. 804, § 1, 49 Stat. 960; June 5, 1936, ch. 521, § 1, 49 Stat. 1479.)

INSPECTION

§ 369. Examination and approval by Commandant of the Coast Guard.

(a) Technical staff; qualifications and appointment; duty to pass on plans and specifications; notice of disapproval.

There shall be in the Coast Guard a technical staff, consisting of the Commandant and technical members who

shall be selected for their knowledge, skill, and practical experience in designing and supervising the construction and operation of vessels propelled by machinery, and they shall be competent judges of the character, strength, stability, and safety qualities of such vessels and their equipment. Such technical members shall be appointed by the Commandant of the Coast Guard. The Commandant of the Coast Guard with the advice and assistance of the technical staff so appointed shall pass upon all contract plans and specifications for passenger vessels of the United States of one hundred gross tons and over, propelled by machinery, as provided for by subsection (b) of this section, including the installation of tested and effective sprinkler systems, and upon arrangement plans for all material alterations to existing vessels. Such approval shall be given promptly and with due regard to the orderly progress of the work but only when the Commandant is satisfied, after a full and complete examination of the plans and specifications, that the vessel, when built or altered, as the case may be, can be navigated with safety to those on board. In case the said Commandant shall disapprove such plans and specifications, the person or persons submitting the same shall be apprised thereof the reasons for such disapproval and advised of the amendments necessary to secure such approval. The Commandant shall, at as early a date as practicable, and from time to time thereafter as he shall deem advisable, formulate and publish regulations and instructions for the guidance of builders of prospective vessels showing the safety characteristics of vessels which will meet the approval of the Commandant. * * * (May 27, 1936, ch. 463, § 5, 49 Stat. 1384; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F. R. 7875, 60 Stat. 1097.)

§ 372. Administration of inspection laws.

The Commandant of the Coast Guard shall superintend the administration of the steamboat-inspection laws, and produce a correct and uniform administration of the inspection laws, rules, and regulations. (R. S. § 4403; Feb. 14, 1903, ch. 552, § 10, 32 Stat. 829; Mar. 4, 1913, ch. 141, § 1, 37 Stat. 736; June 30, 1932, ch. 314, §§ 501, 502(b), 47 Stat. 415; May 27, 1936, ch. 463, § 1, 49 Stat. 1380; 1946, Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F.R. 7875, 60 Stat. 1097.)

§ 375. Regulations of the Commandant.

The Commandant of the Coast Guard shall establish all necessary regulations required to carry out in the most effective manner the provisions of title 52 of the Revised Statutes, * * * and such regulations shall have the force of law. (R. S. § 4405; Mar. 3, 1905, ch. 1453, § 1, 33 Stat. 1022; Feb. 8, 1907, ch. 892, 34 Stat. 881; Mar. 4, 1913, ch. 141, § 1, 37 Stat. 736; June 30, 1932, ch. 314, §§ 501, 502(b), 47 Stat. 415; May 27, 1936, ch. 463, § 1, 49 Stat. 1380; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F.R. 7875 60 Stat. 1097.)

§ 391. Hulls and equipment.

* * * * *

(b) Steam vessels not carrying passengers; biennial inspection.

The head of the department in which the Coast Guard is operating shall require the Coast Guard to inspect before the same shall be put into service, and at least once in every

two years thereafter, the hull of each steam vessel, not carrying passengers; to determine to its satisfaction that every such vessel so submitted to inspection is of a structure suitable for the service in which she is to be employed, has suitable accommodations for the crew, and is in a condition to warrant the belief that she may be used in navigation, with safety to life, and that the vessel is in full compliance with the applicable requirements of this title or Acts amendatory or supplementary thereto and regulations thereunder; and if deemed expedient, to direct the vessel to be put in motion or to adopt any other suitable means to test her sufficiency and that of her equipment.

* * * * *

(d) Requirements and enforcement; appeals.

Whenever it is found on board any vessel subject to the provisions of this title, or any Acts amendatory or supplementary thereto, that any equipment, machinery, apparatus, or appliances do not conform to the requirements of law or regulations promulgated thereunder, the owner or master of said vessel shall be required to place the same in proper condition; * * *. In any of the foregoing cases the requirements may be enforced by revoking the certificate of said vessel, and by refusing to issue a new certificate until the requirements have been fully complied with. * * * (R. S. § 4417; Dec. 21, 1898, ch. 29, § 4, 30 Stat. 765; Mar. 3, 1905, ch. 1454, § 1, 33 Stat. 1023; Mar. 4, 1913, ch. 141, § 1, 37 Stat. 736; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F.R. 7875, 60 Stat. 1097; June 4, 1956, ch. 350, § 1, 70 Stat. 223.)

§ 391a. Vessels having on board inflammable or combustible liquid cargo in bulk.

(1) Vessels included.

All vessels, regardless of tonnage, size, or manner of propulsion, and whether self-propelled or not, and whether carrying freight or passengers for hire or not, that shall have on board any inflammable or combustible liquid cargo in bulk, except public vessels owned by the United States, other than those engaged in commercial service, shall be considered steam vessels for the purposes of title 52 of the Revised Statutes and shall be subject to the provisions thereof: *Provided,* That this section shall not apply to vessels having on board only inflammable or combustible liquid for use as fuel or stores or to vessels carrying liquid cargo only in drums, barrels, or other packages. • • •

(2) Rules and regulations for handling liquid cargo.

In order to secure effective provision against the hazards of life and property created by the vessels to which this section applies, the Commandant of the Coast Guard shall establish such additional rules and regulations as may be necessary with respect to the design and construction, alteration, or repair of such vessels, including the superstructures, hulls, places for stowing and carrying such liquid cargo, fittings, equipment, appliances, propulsive machinery, auxiliary machinery, and boilers thereof; and with respect to all materials used in such construction, alteration, or repair; and with respect to the handling and stowage of such liquid cargo; the manner of such handling or stowage, and the machinery and appliances used in such handling and stowage; and with respect to equipment and appliances for life-saving and fire protection; and with respect to the operation of such vessels; and with respect to the require-

ments of the manning of such vessels and the duties and qualifications of the officers and crews thereof; and with respect to the inspection of all the foregoing. In establishing such rules and regulations the Commandant of the Coast Guard may adopt rules of the American Bureau of Shipping or similar American classification society for classed vessels insofar as such rules pertain to the efficiency of hulls and the reliability of machinery of vessels to which this section applies. In establishing such rules and regulations, the Commandant of the Coast Guard shall give due consideration to the kinds and grades of such liquid cargo permitted to be on board such vessel.

* * * * *

(4) Certificate of inspection and permit required; time of endorsing permit; inspection; duration of permit; vessels of foreign nations; permit for prohibited materials.

No vessel subject to the provisions of this section shall, after the effective date of the rules and regulations established hereunder, have on board such liquid cargo, until a certificate of inspection has been issued to such vessel in accordance with the provisions of title 52 of the Revised Statutes and until a permit has been endorsed on such certificate of inspection by the Coast Guard, indicating that such vessel is in compliance with the provisions of this section and the rules and regulations established hereunder, and showing the kinds and grades of such liquid cargo that such vessel may have on board or transport. Such permit shall not be endorsed by the Coast Guard on such certificate of inspection until such vessel has been inspected by the Coast Guard and found to be in compliance with the provisions of this section and the rules and regulations established hereunder. For the purpose of any

such inspection approved plans and certificates of class of the American Bureau of Shipping or other recognized classification society for classed vessels may be accepted as evidence of the structural efficiency of the hull and the reliability of the machinery of such classed vessels except as far as existing law places definite responsibility on the Coast Guard. A permit issued under the provisions of this section shall be valid for a period of time not to exceed the duration of the certificate of inspection on which such permit is endorsed, and shall be subject to revocation by the Coast Guard whenever it shall find that the vessel concerned does not comply with the conditions upon which such permit was issued: • • • (R. S. § 4417a, as added June 23, 1936, ch. 729, 49 Stat. 1889, and amended Oct. 9, 1940, ch. 777, § 3, 54 Stat. 1028; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F. R. 7875, 60 Stat. 1097.)

JONES ACT

§ 688. Recovery for injury to or death of seaman.

Any seaman who shall suffer personal injury in the course of his employment may, at his election, maintain an action for damages at law, with the right of trial by jury, and in such action all statutes of the United States modifying or extending the common-law right or remedy in cases of personal injury to railway employees shall apply; and in case of the death of any seaman as a result of any such personal injury the personal representative of such seaman may maintain an action for damages at law with the right of trial by jury, and in such action all statutes of the United States conferring or regulating the right of action for death in the case of railway employees shall be applicable. Jurisdiction in such actions shall be under the court of the district in which the defendant employer re-

sides or in which his principal office is located. (Mar. 4, 1915, ch. 153, § 20, 38 Stat. 1185; June 5, 1920, ch. 250, § 33, 41 Stat. 1007.)

DEATH ON THE HIGH SEAS ACT

§ 761. Right of action; where and by whom brought.

Whenever the death of a person shall be caused by wrongful act, neglect, or default occurring on the high seas beyond a marine league from the shore of any State, or the District of Columbia, or the Territories or dependencies of the United States, the personal representative of the decedent may maintain a suit for damages in the district courts of the United States, in admiralty, for the exclusive benefit of the decedent's wife, husband, parent, child, or dependent relative against the vessel, person, or corporation which would have been liable if death had not ensued. (Mar. 30, 1920, ch. 111, § 1, 41 Stat. 537.)

Regulations:

46 C.F.R. (Rev. Jan. 1, 1963)

§ 30.20–10 Penalties for violations of tank vessel regulations—TB/ALL.

(a) The provisions of R.S. 4417a, as amended (46 U.S.C. 391a) provide the following penalty:

(7) The owner, master, or person in charge of any vessel subject to the provisions in this section, or any or all of them, who shall violate the provisions of this section, or of the rules and regulations established hereunder, shall be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both such fine and penalty.

(b) Certificates of inspection for tank vessels may also be revoked or suspended by the Coast Guard where such process is authorized by law. This may occur if the vessel does not meet the requirements of law or regulations in this chapter or if there is a failure to maintain the safety requirements requisite to the issuance of a certificate of inspection.

§ 31.01–20 Application for inspection of new tank vessel or conversion of a vessel to a tank vessel—TB/ALL.

Prior to the commencement of the construction of any new tank vessel, or prior to the commencement of the conversion of any vessel to a tank vessel, application for the approval of contract plans and specifications and for a certificate of inspection shall be made in writing to the Coast Guard and no such construction or conversion shall be proceeded with until such approval is granted. (See § 31.10–1.)

SUBPART 31.05—CERTIFICATES OF INSPECTION

§ 31.05–1 Issuance of certificate of inspection—TB/ALL.

(a) When a tank vessel is found to comply with law and the regulations in this subchapter, and Subchapter E (Load Lines), Subchapter F (Marine Engineering), Subchapter J (Electrical Engineering) and Subchapter Q (Specifications) of this chapter, a certificate of inspection shall be issued to it, or to its owners, by the Officer in Charge, Marine Inspection.

• • • • •

§ 31.10–1 Recognized classification society—TB/ALL.

(a) In the inspection of hulls, boilers, and machinery, the current standards established by the American Bureau of Shipping and designated "Rules for Building and Classing Steel Vessels" respecting material and construction of hulls, boilers, and machinery, except as otherwise provided for by law and regulations in this chapter, shall be accepted as standard by the Coast Guard.

(b) The current standards established by the American Bureau of Shipping in effect at the time of construction of the vessel, or otherwise as applicable, shall be used. The book "Rules for Building and Classing Steel Vessels" is usually published annually and may be purchased from the American Bureau of Shipping, 45 Broad Street, New York 4, New York. These statements may be also examined at the office of the Commandant (M), U. S. Coast Guard, Washington, D. C., or at the office of any Coast Guard District Commander or Officer in Charge, Marine Inspection.

(c) The approved plans and certificate of the American Bureau of Shipping, or other recognized classification society for classed vessels, may be accepted by the Coast Guard as evidence of the structural efficiency of the hull and reliability of machinery of vessels subject to the regulations in this subchapter, except as otherwise provided for by laws and regulations in this chapter.

§ 31.10–5 Inspection of new tank vessels—TB/ALL.

(a) *Plans.* Triplicate copies of contract plans and specifications shall be forwarded to the Officer in Charge, Marine Inspection, in whose district the construction will take

place, for submission to Headquarters for approval, but if the tank vessel is to be classed, such plans and specifications shall first be approved by a recognized classification society. If the plans and specifications are found to be in substantial agreement with the regulations in this chapter, they shall be approved, properly stamped and dated and distributed as follows: one set to owner or builder; one set to Officer in Charge, Marine Inspection, of the district in which the vessel is to be built; and one set shall be retained at Headquarters. If such plans and specifications are not approved, Headquarters shall notify the owner or builder promptly wherein they fail to comply with the regulations in this chapter. For list of electrical plans see § 111.05–5 of Subchapter J (Electrical Engineering) of this chapter. • • •

(b) *Inspection.* During construction, and upon completion of each tank vessel, it shall be inspected by the Officer in Charge, Marine Inspection, to determine whether it has been built in accordance with the approved plans and specifications, and, if so, a certificate of inspection endorsed as a permit for the carriage of inflammable or combustible liquids in bulk for the proper grade or grades of cargo shall be issued to the vessel or its owner.

(c) *Certificate of class may be accepted.* In the event such tank vessel is classed by the American Bureau of Shipping or other recognized classification society, the approved plans and certificates of such society may be accepted by the Coast Guard as evidence of the structural efficiency of the hull and reliability of machinery, except as otherwise provided for by law and the rules and regulations in this subchapter.

§ 31.10–10 Vessels converted to tank vessels—TB/ALL.

The procedure for the inspection of vessels converted to tank vessels shall conform to the inspection for new tank vessels as called for in § 31.10–5(b), and such vessels shall comply with the requirements of inspections for converted vessels as set forth in the regulations in this subchapter.

§ 31.10–15 Inspection for certification—TB/ALL.

(a) The Officer in Charge, Marine Inspection, shall once in every two years, at least, carefully inspect each tank vessel within his jurisdiction and shall satisfy himself that every such vessel so inspected is of a structure suitable for the carriage of inflammable and/or combustible liquids in bulk and for the proper grade or grades of such cargo in the service in which she is employed. If the Officer in Charge, Marine Inspection, deems it expedient, he may direct the vessel to be put in motion, and may adopt any other suitable means to test her sufficiency and that of her equipment.

(b) If such inspection reveals deficiencies in the maintenance as called for by the regulations in this subchapter, such necessary repairs or improvements shall be made as may be ordered to comply herewith.

(c) All radio installations, including fixed and portable radios for lifeboats and radio direction finders shall be inspected in accordance with the regulations of the Federal Communications Commission.

§ 31.10–30 Stability requirements—TB/ALL.

(a) *Application.* The provisions of this section shall apply to the following tank vessels:

(1) Any tank ship of 500 gross tons and over on an international voyage, construction or conversion of which is started on or after November 19, 1952.

(2) Any other vessel whose stability is questioned by the Commandant or the Officer in Charge, Marine Inspection.

(b) *Stability test.* (1) Except as otherwise provided, each tank vessel to which this section pertains shall be subjected to a stability test conducted under the supervision of the Coast Guard and the results of the test shall be approved before the vessel is placed in service.

(2) The Commandant may allow the stability test of a tank vessel to be dispensed with provided basic stability data are available from the stability test of a sister vessel and it is shown to the satisfaction of the Commandant that reliable stability information for the exempted vessel can be obtained from such basic data.

(c) *Plans required.* The following plans are essential for use in conducting the stability test and determining the results, and if these plans have not been previously submitted they shall be made available at the time of the test:

Lines plan.
Curves of form.
General arrangement plan of all decks and levels.
Inboard and outboard profile.
Midship section.
Capacity plan showing capacities and vertical and longitudinal centers of gravity of all tanks and cargo spaces.
Tank sounding tables.
Draft mark locations.

* * * * *

§ 43.01–35 Marks to indicate load lines.

(a) Marks to indicate the maximum mean drafts to which a vessel can be lawfully submerged, in the various circumstances and seasons, shall be permanently marked on each side of the vessel in the form, manner, and location provided by this part.

§ 43.01–40 Assignment and certification; assigning authority.

(a) The American Bureau of Shipping is appointed to assign load lines and to determine whether the position of and the manner of marking each vessel has been performed in accordance with this part and the applicable provisions in the * * * Coastwise Load Line Act, 1935, as amended (46 U.S.C. 88–88i). The American Bureau of Shipping is authorized to issue a load line certificate, certifying to the correctness of the marks, under its own hand and seal.

(1) As provided in * * * section 3 of the Coastwise Load Line Act, 1935, as amended (46 U.S.C. 88b) the Commandant, United States Coast Guard, may, at the request of a shipowner, appoint any other recognized classification society which he may approve, as the load line assigning authority.

(2) The American Bureau of Shipping, or other approved load line assigning agency, is authorized to renew from time to time by endorsement a load line certificate.

(3) Load line certificates will not be issued until the load line marks have been verified. This certificate will be issued in duplicate, one copy being delivered to the owner or master of the vessel and one copy, together with a summary of the data used to determine the load line, will be

forwarded to the Commandant, United States Coast Guard, Washington 25, D.C. Each new vessel, after January 1, 1948, when receiving its first load line certificate, shall be also furnished a copy of the load line survey report, which shall be retained on board the vessel for the information of inspectors and surveyors when carrying out subsequent load line surveys.

(b) As referred to in this subchapter, the term "assigning authority" or "American Bureau of Shipping" shall refer either to that society or to such other society as may have been specifically approved by the Commandant as a load line assigning authority for the vessel concerned.

(c) The scale of maximum fees payable to the assigning authority for this service is contained in § 43.40–5.

OPINIONS AND ORDERS OF THE COURTS BELOW

Opinion of the United States Court of Appeals, Second Circuit

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 457, 458, 459 and 460—September Term, 1971.

(Argued January 26, 1972 Decided April 25, 1972.)

Docket Nos. 35228, 35233, 35235 and 35247

In the Matter of the Vessel
MARINE SULPHUR QUEEN

MARINE SULPHUR TRANSPORT CORPORATION,

As Owner, Appellant,

and

MARINE TRANSPORT LINES, INC.,

As Demise Charterer, Appellant,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent-Appellant,

UNITED STATES FIRE INSURANCE CO.,

Cargo Claimant-Appellee and Appellant,

IDA RUTH HEARD, *et al.*,

Death Claimants-Appellees and Appellants.

Before:

FRIENDLY, *Chief Judge*,
ANDERSON, *Circuit Judge*, and BONSAL, *District Judge*.*

Appeal by shipowner and demise charterer from denial in admiralty of petitions for exoneration or limitation of liability to death and cargo claimants, and appeal by shipbuilder from judgment declaring its liability to death claimants and by cargo claimant from judgment dismissing its claim against shipbuilder and cross-appeal by death claimants from judgment dismissing their claim for punitive damages, in the United States District Court for the Southern District of New York, John M. Cannella, Judge.

Affirmed in part and reversed in part.

JOHN A. SULLIVAN, Esq., New York, N. Y. (Cadwalader, Wickersham & Taft, William S. Busch, Esq., and Fred R. Profeta, Jr., Esq., New York, N. Y., on the brief), *for Appellants Marine Sulphur Transport Corp. and Marine Transport Lines, Inc.*

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* Of the Southern District of New York, sitting by designation.

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(SEWARD & KISSEL, Eugene P. Souther, Esq., Martin C. Seham, Esq., New York, N. Y., Alfred E. May, Esq., and Edward P. Ruddy, Esq., Washington, D. C., on the brief for The American Institute of Merchant Shipping, American Maritime Association and Shipbuilders Council of America, *on the brief as Amici Curiae.*)

ANDERSON, *Circuit Judge:*

The *Marine Sulphur Queen* (the Queen), a converted T-2 tanker laden with a cargo of molten sulphur, left a pier at Beaumont, Texas, with pilot aboard at 1330 C.S.T. on February 2, 1963. At 1900 the pilot was dropped at Sabine Bar Seabuoy and the vessel continued on her course for Norfolk, Virginia, with her estimated time of arrival at noon E.S.T. on February 7th. At 0125 E.S.T. on February 4th a personal message from a crew member was received by R.C.A. This was the last word heard from

the ship or from anyone on it. Thereafter at 1123 an attempt was made to contact the Queen by R.C.A. radio but there was no response. At that time, had all gone well, the vessel's estimated position would have been roughly 100 nautical miles, on a bearing about West by South, from Key West, Florida. No radio distress message was ever received.

For the next nine days extensive air and surface searches were conducted for the vessel and her personnel. Nothing was found which could be identified with the vessel. Thereafter a second search was instituted and there were discovered eight life jackets, five life rings, two name boards, a shirt, a piece of an oar, a storm oil can, a gasoline can, a cone buoy and a foghorn, all of which were marked or identified as belonging to the lost vessel.

There was oil on some of the life jackets and life rings, but there were no traces of sulphur on any of the items; nor was there discovered any splintered or scorched debris or other evidence of fire or explosion. An underwater exploration was made by the Navy for the vessel's hulk, but without avail. Concentrated search operations were terminated on March 13.

After a thorough inquiry by a Marine Board of Investigation, convened by the Commandant of the United States Coast Guard, into all the circumstances of the ship's disappearance, it was concluded by the Board and the Commandant that, for an unknown and unascertainable cause, the Queen had gone to the bottom with the cargo, and the entire ship's company of 39 had been lost.

Claims were made by the representatives of the deceased crew members (Death Claimants) based upon the general maritime law relating to unseaworthiness of a vessel, under the Jones Act, 46 U.S.C. §688, and under Death on the High Seas Act, 46 U.S.C. §761, and also by United

States Fire Insurance Company (F.I.C.), based upon the Carriage of Goods by Sea Act, 46 U.S.C. §1300 *et seq.*, (COGSA), as insurer of the cargo shipped by Texas Gulf Sulphur Co., to whose claim F.I.C. was subrogated. Marine Sulphur Transport Corporation (MSTC), as shipowner, and Marine Transport Lines, Inc. (MTL), as demise charterer, petitioned for exoneration or limitation of liability pursuant to 46 U.S.C. §183, *et seq.* Later Bethlehem Steel Co. (Bethlehem), as the shipbuilder, and Texas Gulf Sulphur Co. (TGS) were impleaded as respondents.

At the trial voluminous evidence was presented covering the circumstances surrounding the acquisition of the Queen by MSTC, the arrangements for her conversion from a former oil tanker to a carrier of molten sulphur, the nature and details of the conversion, extensive expert testimony as to the effect of the structural changes on the operational condition of the ship as a molten sulphur carrier, the characteristics and hazards of the cargo and the history of the ship prior to the fatal voyage, including her 63 round-trip voyages as a molten sulphur carrier between January 18, 1961, when the Queen was certified by the Coast Guard for the carriage of Grade E liquids at elevated temperatures, and February 1, 1963, when she commenced taking on cargo for what proved to be her last voyage. There was evidence as to the quantity of this cargo and its stowage. The testimony also included statements by experts as to the possible causes for the loss of the vessel, cargo and crew. All of these elements of the case are described and discussed in the opinion of the district court, 312 F. Supp. 1081 (S.D.N.Y. 1970). For the purpose of this review a summary will suffice.

In April, 1960, TGS was desirous of making long term arrangements for the transportation of its molten sulphur. As a result of negotiations with MTL, the latter agreed

to cause its wholly owned subsidiary MSTC to purchase a 17 year old, T-2 oil tanker, *Esso New Haven*, to be converted into a molten sulphur carrier by Bethlehem at its Baltimore shipyard, in accordance with a contract, including plans and specifications, agreed upon by MTL and Bethlehem and approved by TGS. Charter parties were agreed upon in advance between MSTC, as shipowner, with MTL, demise charterer, and between MTL and TGS, as time charterer, for consecutive voyages for 12 charter years, commencing when the vessel was ready to load. Fundamental to this accord were MTL requirements that the cost of the conversion not exceed $1,650,000 and that the converted ship have a minimum cargo capacity of 15,100 long tons.

In due course the T-2 oil tanker was purchased and was delivered to the Bethlehem shipyard where her conversion went forward. The plans contemplated that the cargo, a minimum of 15,100 long tons of molten sulphur at 265° to 275°F., would be carried in a large tank in the hold of the vessel. This tank was 306′ long, 30′6″ wide and 33′ high, having a rectangular cross section. It had three internal sulphur-tight bulkheads which divided the tank into four sub-tanks. The Queen herself was an all welded T-2-SE-A1 tankship of 7,240 gross tons and 4,057 net tons, with a length of 504′, beam of 68.2′ and a depth of 39.2′. In order to accommodate the 306′ cargo tank it was necessary to remove the greater part of nine transverse bulkheads, i.e. those at frames 47 and 71 and the seven in between. It was also necessary to lower the floor of the ship which cut the transverse web frames down to 3′4″ above the flat keel plate. The center vertical keel was reduced to less than half its original height and the deck centerline girder was cut down slightly less than half its depth. The American Bureau of Shipping and the Coast Guard were not persuaded that the original conversion plan afforded

sufficient transverse strength to the vessel and they required that a full transverse bulkhead be included at frame 59, which was the center of the cargo tank and mid-ships of the Queen, and also ordered that provision be made for other strengthening factors. The loss of transverse strength from removal or reduction of the transverse bulkheads was sought to be compensated for by strategically placed whole or partial diaphragm bulkheads, the addition of substantial flange plates, transverse web frames at the bottom of the vessel and at the top, beneath the deck, and by welding the cargo tank from frame 58 to 60 to the five longitudinal girders of the ship which were under the cargo tank.

To allow for longitudinal expansion due to the intense heat of the cargo there were five longitudinal stringers attached to the bottom of the cargo tank to which were fitted flange plates which were bolted to the flange plates affixed to the ship's five longitudinal members. Between the flange plates there was inserted Phenolite, a laminated plastic, as a heat insulator. There were slots 3½" to 4" long in the insulation and in the flanges attached to the ship's longitudinals to allow for movement of the bolts. Likewise, above the tank there were slotted bolt connections with the centerline deck girder.

There were spaces on both sides of the length of the cargo tank which were approximately 15' in width between the sides of the tank and the sides of the ship. This area was partly taken up by wing tanks which were used for fuel, water or ballast, or left empty and the remainder, except for internal frame structures, gear and appurtenances, constituted the voids. The cargo tank was covered with a blanket of Owens-Corning Armaglas insulation which was 6" thick on top and 4" thick elsewhere. At the after ends of each of the four sub-tanks within the cargo tank there were port and starboard expansion trunks

which extended up through the weather deck into weather-tight pumphouses.

From each of the sub-tanks there was at the forward center a stream jacketed 6" vent, which extended up through and about 3' above the weather deck and ended in a U-bend. Also from each of the expansion trunks there was a steam jacketed 4" vent which ran through the top of the pumphouse and terminated about 2' above it in a U-bend. These were designed to carry off the hydrogen sulphide and carbon disulphide from the surface of the molten sulphur.

The Queen's Trim and Stability Booklet, approved by the Coast Guard, gave her optimum cargo capacity as 15,211 long tons. The district court found that on the voyage in question, though the ship's waterline was, on departure, below her Plimsoll mark, she carried 15,315 long tons of molten sulphur which completely filled her cargo tanks and overflowed into the expansion trunks. The court held that this over-filling of the cargo tanks was, under the circumstances, improper and dangerous. The 15,315 long tons figure was taken from the bill of lading and the weight certificate, and it was also the amount of the cargo claim for which the insurance company paid to TGS after the loss. MTL and MSTC argued that the correct figure was 15,260 long tons which the Coast Guard Board had assumed to be the cargo tonnage.

After the Queen was lost the United States Navy Oceanographic Office prepared a report on the weather which had prevailed between 2000 E.S.T. on February 3, 1963 to 1300 E.S.T. on February 4, for the waters lying between 80° W. and 82° W. There were generally northerly winds at a maximum of 25 knots with gusts to 46 knots. The maximum height of the waves was 16.5'. Because the entire weight of the cargo was confined to an area 30' wide and centered over the keel rather than across the whole

68.2′ width of the vessel's hull, the radius of gyration of the ship was reduced; in other words, the arc of its roll was substantially shortened as compared with another vessel with the same metacentric height. The period of roll of the Queen was 8.5 seconds and, according to the Oceanographic Office report, the timing of the succession of waves was within 10% of the vessel's roll time.

The district court concluded that when the Queen left Beaumont, Texas, on her last voyage she was unseaworthy in several respects and "not reasonably suitable for her intended service." The court found the vessel as converted violated "the hundred-foot rule", §12(2), of the ABS "Rules for Building and Classing Steel Vessels," which were adopted as official regulations by the Coast Guard, 46 C.F.R. §31.10-1, and promulgated pursuant to 46 U.S.C. §391a(2), in that she was constructed with transverse bulkheads more than 100′ apart and MSTC and MTL were thus liable for statutory fault.

It also concluded that the conversion resulted in a substantial weakening of the transverse strength of the vessel, which was not made up for or replaced by the newly added diaphragm bulkheads, the fastenings of the cargo tank, the tank itself and the other internal structures, to the extent that the Queen was unable to cope with the racking stresses caused by the heavy seas on February 3 and 4, 1963 and that she could well have suffered a sudden and massive structural collapse.

The court further held that the Queen was unseaworthy because there was no provision for transverse and vertical thermal expansion and the resulting stresses; and because the center line concentration of the cargo weight reduced the ship's radius of gyration and its period of roll was faster than that of another vessel with the same metacentric height. She was also unseaworthy because the shear stress on the bottom transverse web frames tended to be

increased; because corrosive (and conceivably explosive) pieces and particles of sulphur coated most of the interior of the vessel surrounding the cargo tank; because there was no adequate system for warning the crew of the toxic and potentially explosive mixtures of hydrogen sulphide and carbon disulphide in the cargo tank and in the void spaces where there had been a history of frequent fires; and because the vents for carrying off these gases from the surface of the molten sulphur were ineffective due to the over-filling of the cargo sub-tanks and the overflow into the expansion trunks. As noted above, the court also found that the vessel was dangerously loaded.

The district court denied the petitions of MSTC and MTL for exoneration or limitation of liability; it granted recovery to the Death Claimants against MSTC, MTL and Bethlehem but denied them the recovery of punitive damages. It dismissed their claim against TGS and TGS's petition for exoneration or limitation—rulings which were not appealed. It granted F.I.C., as cargo claimant, recovery against MSTC and MTL but dismissed its claim against Bethlehem.

Although the Death Claimants invoked and the district court decided their claims on the authority of both the Jones Act and unseaworthiness, it is wholly unnecessary to consider the applicability of the Jones Act in this case where all of the decedents were lost in the line of duty on a ship at sea. Unseaworthiness as a basis for their claims against MSTC and MTL amply covers all conceivable interests of the claimants and the Jones Act can add nothing; any rights of the Death Claimants which are based upon negligence are subsumed by the recognition of their claim of liability without fault which flows from their showing unseaworthiness—subject, of course, to the issue of causation, which we discuss *infra*. G. Gilmore & C. Black, The Law of Admiralty, §6-25, at 295; §6-38, at 315-317 (1957).

The concept, design, conversion and operation of the *Marine Sulphur Queen* was an experiment in the interests of developing a new and more efficient means of delivering molten sulphur by sea. She was the first vessel of her kind. As an experiment there were new and relatively untried features in her construction which in the opinion of the experienced and capable shipbuilders and certifying officials should theoretically have produced a seaworthy ship. The ship's handling and carriage of molten sulphur were governed by instructions from the highly experienced shipper, and 63 successful voyages had been completed under a galaxy of varying conditions without serious loss. Yet the frequent fires in the cargo tank insulation and in the voids, the spillage of molten sulphur into the ship's bilge, the nature and characteristics of the gases, their potential for danger from toxicity and explosion, and the means of venting them out of the closed areas of the ship were not fully explained or understood. The owner, however, did not consider these problems to be dangerous or unmanageable, but, as indicated below, we accept the lower court's findings that the vessel was unseaworthy in several respects.

A Coast Guard naval engineer testified that the design and conversion of the Queen for the carrying of molten sulphur "was a calculated risk." It was largely the owner's experiment, to which the officers and men of the ship had been committed.

There was an abundance of evidence, as detailed above, covering the entire history of the Queen from the plans for her acquisition and conversion through her actual operation as a molten sulphur carrier. This basic factual material furnished the grist for the central contention in the case carried on through the testimony of experts who were, on the one side, of the opinion that the ship was sound and seaworthy in all respects and those who, on the other

side, were of the opinion that the vessel, as reconstructed and loaded at the time of her departure, was dangerous to the life and limb of the ship's company for several different reasons and was, therefore, unseaworthy. The district court concluded that the latter were correct and that the ship was unseaworthy in the several respects previously mentioned.

Although findings as to unseaworthiness and negligence are not, in this circuit, protected by the "unless clearly erroneous" test of F. R. Civ. P. 52(a), *Mamiye Bros.* v. *Barber Steamship Lines, Inc.*, 360 F.2d 774, 776-78 (2 Cir.), *cert. denied*, 385 U.S. 835 (1966), such findings are entitled to great weight and will ordinarily stand unless the lower court manifests an incorrect conception of the applicable law. *Cleary* v. *United States Lines Co.*, 411 F.2d 1009 (2 Cir. 1969). We can see no reason to disturb the lower court's findings of unseaworthiness.

The wrongful death claimants therefore sustained their burden of proving unseaworthiness and there remained only the issue of whether or not one or more of the conditions of unseaworthiness or some other agency caused the disaster. The court found in explicit terms that "no one knows how the ship was lost." The resolution of the question of liability will, under the circumstances, be determined by the allocation of the burden of proof on the causation issue, the existence of a rebuttable presumption and whether or not that presumption has been met.

Before discussing the matter of causation, mention must be made of the district court's holding that under the rule of *The Pennsylvania*, 86 U.S. 125, 136 (1874), the burden of proof rested on MSTC and MTL to show that the spacing of transverse bulkheads on the Queen more than 100′ apart could not have caused the losses, because the failure so to space the bulkheads made them guilty of negligence as a matter of law. This finding of statutory fault rests on what the court considered the violation of a statutory

standard embodied in the ABS "Rules for Building and Classing Steel Vessels" §12(2), *supra*, which required that "all vessels should have complete transverse bulkheads extending to the Strength Deck, spaced not over 100′ apart." The rest of §12(2), however, reads as follows:

> "... This should be accomplished by the fitting of substantial transverse 'tween deck bulkheads immediately over the main watertight bulkheads. Where this is impracticable, the transverse strength and stiffness of the hull is to be effectively maintained by deep webs or partial bulkheads."

Section 12(1) immediately preceding §12(2) reads as follows:

> "All vessels of ordinary type and normal form should be provided with strength and watertight bulkheads in accordance with this section; in vessels of special type where adherence to these rules is found to be impracticable, the arrangements will require to be specially approved."

It is obvious that the Queen was a "special type" vessel where strict and literal compliance with the provision for spacing transverse bulkheads 100′ apart was "impracticable." The Coast Guard, as the appropriate and authorized administrative agency, could and did ratify the arrangements for strength bulkheads which the ABS had specially approved. Sections 12(1) and (2) expressly provided for such modifications and substitutions by the ABS. The interpretation and application of the rule by the ABS and the Coast Guard were not unreasonable, arbitrary or capricious and, therefore, the district court was not in a position to declare that particular courses of conduct on the part of MSTC and MTL, which the administrative agency had held to be in compliance with its interpreta-

tion of the rule, was negligence as a matter of law, *see Udall* v. *Tallman*, 380 U.S. 1, 4 (1965).

The district court was also in error in applying the rule of *The Pennsylvania* in this instance because the provisions in §§12(1) and (2) do not delineate a precise and clearly defined duty, but rather call for interpretation and for judgment in their application, *Afran Transport Co.* v. *United States*, 435 F.2d 213, 219 (2 Cir. 1970), *cert. denied*, 40 U.S.L.W. 3166 (1971).

This is not to say, however, that a district court as a trier of fact is thereby barred from finding that the same acts or omissions have given rise to unseaworthiness in the vessel, *Schlichter* v. *Port Arthur Towing Co.*, 288 F.2d 801, 804-5 (5 Cir.), *cert. denied*, 368 U.S. 828 (1961).

Death Claimants against Owners

In accordance with general tort principles a crew member seeking damages against his employer, the owner, either under the maritime doctrine of unseaworthiness or under the Jones Act, has the burden of proving that the ship was unseaworthy or the owner negligent and also that such unseaworthiness or negligence was in fact a cause of his injury. And, just as the mere fact that the injury to the claimant occurred on the ship does not, in itself, establish unseaworthiness, *Mosley* v. *Cia. Mar. S.A.*, 314 F.2d 223, 229 (2 Cir.), *cert. denied*, 375 U.S. 829, 835 (1963); *Richter* v. *Mathiasen's Tanker Industries, Inc.*, 297 F.2d 494 (2 Cir. 1961), *cert. denied, sub nom., Pinto* v. *States Marine Corp.*, 369 U.S. 843 (1962), neither does proof of the fact of unseaworthiness, *ipso facto*, provide the proof of causation, *see, Grillea* v. *United States*, 229 F.2d 687, 689, *rev'd on other grounds*, 232 F.2d 919 (2 Cir. 1956); *Ramos* v. *Matson Navigation Co.*, 316 F.2d 128, 131 (9 Cir. 1963).

It is settled that when a vessel disappears in expectable weather under otherwise unknown circumstances, proof by the plaintiffs of some element of unseaworthiness will permit the trier of fact to infer that the unseaworthiness was the proximate cause of the loss. *Walston* v. *Lambertsen*, 329 F.2d 660, 662 (9 Cir. 1965), *cert. denied*, 293 U.S. 611 (1966) (dicta); *Admiral Towing Co.* v. *Woolen*, 290 F.2d 641, 649-51 (9 Cir. 1961); *Roth* v. *Bird*, 239 F.2d 257, 262 (5 Cir. 1956); *The Cleveco*, 154 F.2d 605, 615 (2 Cir. 1946). Although the lower court did not clearly state that it drew this inference of causation, we hold that its resolution of the liability of the owners to the Death Claimants subsumes such an inference. While the lower court may, to some extent, have relied on inappropriate authority for such an inference,[1] we see nothing in the lower court's opinion inconsistent with the conclusion that it drew the inference that the several aspects of unseaworthiness were, in their totality, the proximate cause of the Queen's disappearance, *Cf. Leather's Best, Inc.* v. *S.S. Mormaclynx*, 451 F.2d 800, 813 (2 Cir. 1971).

While most of the cases cited above which sanction the drawing of an inference of causation generally involve only

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1 The trial court in its opinion, 312 F. Supp. 1081, 1098, cited *Federazione Italiana Dei Corszi Agrari* v. *Mandask Compania DeVapores, S.A. (The Perama)*, 388 F.2d 434 (2 Cir.), *cert. denied* 393 U.S. 828 (1968); and *South, Inc.* v. *Moran Towing & Transportation Co. (The Vega)*, 360 F.2d 1002 (2 Cir. 1966), as standing for this proposition, but its reliance on them for the purpose was misplaced. Both are distinguishable from the present case. *The Perama* was carrying a cargo in foreign trade and came under the provisions of COGSA which were applied in the decision. The present case concerns private carriage between domestic ports to which neither COGSA or the Harter Act applies. *The Vega* was private carriage between domestic ports but it concerned a tow, the owner of which was suing the tug and its owner for loss of part of the tow—one of three ferryboats. The burden of proving the seaworthiness of the ferryboat was on the plaintiff-claimant. Under those circumstances his failure to prove seaworthiness resulted in the assumption that it must have been unseaworthy.

one aspect of unseaworthiness, *e.g.*, *Roth* v. *Bird*, *supra*, 239 F.2d at 262, we do not read them as prohibiting a similar inference when, as here, there are several aspects of unseaworthiness for all of which the defendant is responsible; to do so would produce an unjust and illogical result. It would deny the plaintiff who was able to prove that a vessel was unseaworthy in several respects an inference that would have been available to him had he only proved one aspect of unseaworthiness. Rather, as the list of unseaworthy aspects of the vessel grows longer, the inference becomes increasingly more reasonable that those aspects, as a group, were the proximate cause of the loss.

We read those cases permitting an inference of causation when an unseaworthy vessel disappears at sea in expectable weather but otherwise unknown circumstances as shifting the burden of production, but not the burden of persuasion, to the owners to demonstrate that the inference is unreasonable. *Cf. Commercial Molasses Corp.* v. *New York Tank Barge Corp.*, 314 U.S. 104, 110-13 (1941).

As we accept the district court's findings of unseaworthiness, and the initial inference of causation drawn therefrom, we need only reexamine the evidence produced by the owners in an attempt to cast doubt on the reasonableness of the inference. Putting aside such improbable theories of cause as meteors or lightning, the only rebutting causal evidence of any force was the weather conditions.

We agree with the trial court that the weather conditions at the time of the disappearance of the vessel were expectable. While there were strong winds and rough northerly seas during the early hours of February 4th, this was by no means extraordinary, nor did it represent a situation which a seaworthy ship could not have been reasonably expected to weather. As the District Court observed, some 24 ships reporting weather conditions for that date to the

Weather Bureau, sailed through the disturbed areas without incident. Texas Gulf Sulphur No. 1, a smaller vessel converted to transport molten sulphur, was sailing high and light toward Houston along a course somewhat paralleling, in the opposite direction, the probable course of the Queen. Her master testified that he had sailed through such winds many times without suffering damage, and that the obviously desirable condition for experiencing such weather was when the vessel was laden [as was the case of the Queen] rather than when she was light. See, *e.g.*, *The Cleveco, supra*, 154 F.2d at 615. An owner has a duty to provide a vessel that can withstand expectable weather, *Mitchell* v. *Trawler Racer, Inc.*, 362 U.S. 539, 550 (1960), and when a vessel goes down in such weather, a reasonable inference that proven aspects of unseaworthiness were the cause of the loss will stand. See, *e.g.*, *Sabine Towing Co.* v. *Brennan*, 72 F.2d 490, 493-94 (5 Cir.), *cert. denied*, 293 U.S. 611 (1934).

MTL, as the demise charterer, is the owner *pro hac vice* with all the responsibilities to the crew otherwise placed upon the shipowner, *see Bergan* v. *International Freighting Corp.*, 254 F.2d 231, 232 (2 Cir. 1958), and it is therefore liable as the owner here. On the other hand, an owner-demisor is generally only liable where the injury results from unseaworthiness or negligence which existed prior to the delivery of the vessel to the demise charterer. *Cannella* v. *Lykes Bros. S.S. Co.*, 174 F.2d 794, 796 (2 Cir.), *cert. denied*, 338 U.S. 859 (1949). Where, as here, the court inferred proximate cause from several aspects of unseaworthiness, some occurring prior to delivery of the vessel to MTL and some occurring after the delivery, we might appear to be faced with an insoluble problem whether MSTC, as owner-demisor, can properly be held liable to the Death Claimants. However, on the peculiar facts of this

case, we need not decide that interesting question. Where, as here, the owner-demisor is a wholly owned subsidiary of the charterer, the stock of which would clearly be available to satisfy the claims of the Death Claimants if MTL's other assets were insufficient, we see nothing which, as a practical matter, bars us from affirming liability as to MSTC. We emphasize that we do not decide whether in a case of unexplained disappearance where the owner-demisor is not a wholly owned subsidiary of the parent-demise charterer, the owner could properly be held liable when it was responsible for only some of a group of defects which, in their totality, were inferred to be the proximate cause of the loss.

In the absence of exoneration, MTL has petitioned for limitation of liability; however, in order to succeed, the burden is upon the owner to prove that the unseaworthiness was without its privity or knowledge, 46 U.S.C. §183(a); *Petition of Long*, 439 F.2d 109, 113-14 (2 Cir. 1971); *Moore-McCormack Lines, Inc.* v. *Armco Steel Corp.*, 272 F.2d 873, 876 (2 Cir. 1959), *cert. denied*, 362 U.S. 990 (1960); *see also Coryell* v. *Phipps*, 317 U.S. 406, 409 (1943). In light of the fact that no one knows what caused the loss, it is impossible for MTL to bear its burden, and, in addition, there was more than sufficient evidence to support the trial court's finding that MTL had failed in its task. In fact, MTL was in privity to all the elements of proven unseaworthiness because, through its highest officers, it was involved in and knowledgeable concerning the reconstruction of the ship, it knew the type of cargo that was being carried, and, through its master or agent, knew, or should have known, the condition of the vessel and how she was loaded prior to the commencement of her last voyage, *see* 46 U.S.C. §183(e). MTL need be in privity to only one of the several elements of unseaworthi-

ness which it could not show had anything to do with causing the loss. Because MTL could show nothing at all about causation for the disappearance of the Queen and her crew, the district court properly denied it limitation.

MSTC also petitioned for limitation of liability but, as its liability derives from its position as a wholly owned subsdiary of MTL, it is unnecessary to comment further on the denial of MSTC's petition, except that it is clear MSTC had privity and knowledge as to those aspects of unseaworthiness inherent in the reconstruction of the vessel. MSTC was a party to the conversion contract, dated August 9, 1960, which incorporated by reference the conversion plans of the Queen.

Death Claimants against Bethlehem

The Death Claimants argue that Bethlehem is also liable to them, because of the faulty design and reconstruction of the Queen. The shipbuilder, however, stands in a much different position vis-a-vis the lost seamen than the owner does, *Seas Shipping Co.* v. *Sieracki*, 328 U.S. 85, 89 (1946). The duty of providing the crew with a seaworthy ship runs only to the owner, and the shipbuilder neither employs the crew nor can he control what happens to the ship once it leaves his yard. Therefore, traditional tort concepts apply to the claim against Bethlehem[2] and, contrary to the trial court's conclusion, neither justice nor logic compel the application against it of the permissible inference rule from the unseaworthiness doctrine.

Assuming, without deciding, that Bethlehem was at fault, either under a negligence theory or under the doctrine of a manufacturer's duty of strict liability, it could not be

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2 The Death on the High Seas Act, 46 U.S.C. §761, in no way changes the burden of proof on tort claims.

made liable to the claimants here unless its wrongful conduct was a cause of the loss, 2 F. Harper & F. James, The Law of Torts, §20.2, at 1110 (1956); *see also, Montgomery* v. *Goodyear Aircraft Corp.*, 392 F.2d 777 (2 Cir.), *cert. denied*, 393 U.S. 841 (1968); *McDaniel* v. *The M/S Lisholt*, 282 F.2d 816, 818 (2 Cir. 1960), *cert. denied*, 365 U.S. 814 (1961). The burden of proving causation is on the plaintiff, *see, e.g., Lamb* v. *Interstate S.S. Co.*, 149 F.2d 914, 916 (6 Cir. 1945), and causation must be established under the doctrine of strict liability, as well as under ordinary negligence, *Basko* v. *Sterling Drug, Inc.*, 416 F.2d 417, 430-31 (2 Cir. 1969); *see also*, Restatement of the Law of Torts, Second, §402A, at 347-348 (1965).

The cause of the disaster which befell the Queen was found to be unknown. Of the possible causes considered, Bethlehem had no connection with those relating to the nature and handling of the cargo, such as corrosion and explosion. Because the Death Claimants have failed to prove that any fault on Bethlehem's part was a cause in fact of the loss, the claims against Bethlehem must be dismissed.

Cargo Claimants

The rules of law, both statutory and judicial, relating to cargo claims are quite distinct from those relating to the death and injury of seamen; therefore the claims of F.I.C. against the owners stand on an entirely different footing from the claims discussed above. F.I.C. has been subrogated to the claims of the cargo owner, TGS, and thus has exactly the same remedies against MTL which TGS would have had.[3] As Judge Brown said in *Isbell Enterprises Inc.* v. *Citizens Casualty Co.*, 431 F.2d 409,

3 Because of the decision on MTL's liability in regard to the cargo, there is no need to decide whether or not F.I.C. waived the right of subrogation in its contract with TGS.

417 (5 Cir. 1970), the subrogee insurance company "takes the Flotsam with the jetsam," *see also, American Surety Co.* v. *Bethlehem Bank*, 314 U.S. 314, 317 (1941).

Because no cause for the loss of the Queen has been found, the legal burden of proof rule determines the cargo issue, as it did with the Death Claimants. That rule for the private carriage of goods is explicated in *Commercial Molasses Corp.* v. *New York Tank Barge Corp., supra*, which applies here unless a statute or an agreement between the parties changed the normal burden.

Two statutes attempt, in various ways, to regulate the duties and liabilities of certain shippers and carriers, the Harter Act, 46 U.S.C. §190, et seq., and the Carriage of Goods by Sea Act, 46 U.S.C. §1300, et seq.; however, F.I.C. wisely makes no serious contention that either applies here of its own force. It has long been held that the Harter Act does not apply to private carriage, in which the Queen was engaged, *Koppers Connecticut Coke Co.* v. *James McWilliams Blue Line, Inc.*, 89 F.2d 865, 866 (2 Cir.), *cert. denied*, 302 U.S. 706 (1937); *The Westmoreland*, 86 F.2d 96, 97 (2 Cir. 1936); *The Fri*, 154 F. 333, 338 (2 Cir. 1907), *cert. denied*, 210 U.S. 431 (1908); *The Monarch of Nassau*, 155 F.2d 48 (5 Cir. 1946), and COGSA, which is concerned with bills of lading rather than charter parties, comes into play only in foreign commerce, in which, at the time of her loss, the Queen was not engaged, 46 U.S.C. §1300; *see also*, Gilmore and Black, *supra*, §3-25, at 126.

F.I.C. does argue, however, that TGS and MTL agreed to make COGSA, and its burden of proof rules, applicable to this private carriage, but, while they certainly could have made such an agreement, it is clear that they did not.

F.I.C. first contends that the charter party specifically incorporated COGSA in ¶1, ¶6, ¶23 and ¶28. These first three paragraphs, however, make no mention of COGSA

whatsoever, but simply use the phrase that the owner "shall exercise due diligence" to keep the vessel in a seaworthy condition—language roughly paralleling that contained in §4(1) of COGSA, 46 U.S.C. §1304(1). This mere similarity of rather common phrases does not invoke the entirety of COGSA, including its burden of proof rules, *cf. Pannell* v. *United States Line, Co.*, 263 F.2d 497, 498 (2 Cir.), cert. denied, 359 U.S. 1013 (1959).[4] While ¶28, captioned "Limitation of Liability" does provide that the owner shall have all "privileges, rights, and immunities as are contained in Sections 3(6), 4 and 11 of the Carriage of Goods by Sea Act," this too is not a general incorporation of COGSA, as the reference is limited to specific provisions of COGSA, favorable to the owner. When a statute is incorporated by reference, its terms become the terms of that part of the charter party, but limited incorporation does not trigger the entire Act, *Pannell, supra*, at 498; *see also, J. Aron & Co.* v. *The Askvin*, 267 F.2d 276 (2 Cir. 1959); *The Westermoreland, supra*, at 97.

F.I.C. also puts great emphasis on the argument that the Bill of Lading incorporates COGSA and that its provisions must take precedence over the terms of the charter party. The bill of lading provided for in the charter party, and issued upon the receipt of the sulphur in the present case, however, incorporated COGSA only in certain limited circumstances.[5] Even if those circumstances had occurred

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4 *Metropolitan Coal Co.* v. *Howard*, 155 F.2d 780, 782 (2 Cir. 1946), is inapposite here because the charter party in that case specifically incorporated the provisions of the Harter Act, and its burden of proof rules. Unfortunately, the case has sometimes been misread to apply burden of proof rules separate from those of the Harter Act, see, e.g., *Hampton Roads Carriers, Inc.* v. *Allied Chemical Corp.*, 329 F.2d 387, 391 (4 Cir.), *cert. denied*, 379 U.S. 839 (1964).

5 The pertinent portion of the Bill of Lading reads:

"This shipment is carried under and pursuant to the terms of the Tanker Voyage Charter Party dated as of April 8, 1960 at Jersey

COGSA would not regulate the terms of the contract of carriage between TGS and MTL.

A bill of lading may serve three functions: as a receipt, as a document of title, and as a contract for the carriage of goods; however, it does not perform this third function for the shipper and the carrier when there is a charter party containing the terms of the carriage contract. This point was made quite clear by this court in *The Fri, supra,* at 337:

> "The rule is that where there is a charter party the bill of lading operates as the receipt for the goods, and as a document of title passing the property of the goods, but not as varying the contract between the charterer and the shipowner."

See also, The G. R. Crowe, 293 F. 506, 508 (2 Cir. 1923), *cert. denied* 264 U.S. 586 (1924); *The Iona,* 80 F. 933 (5 Cir. 1897); *Ministry of Commerce* v. *Marine Tankers Corp.,* 194 F. Supp. 161, 162-63 (S.D.N.Y. 1960). The fact that the

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City, New Jersey, between MARINE TRANSPORT LINES, INC. and TEXAS GULF SULPHUR COMPANY, as Charterer, and all the terms, conditions and exceptions of said Charter except the rate and payment of freight specified therein apply to and govern the rights of the parties concerned in this shipment.

If this Bill of Lading is a document of title to which the Carriage of Goods by Sea Act of the United States, approved April 16, 1936, or similar legislation giving statutory effect to the International Convention for the Unification of Certain Rules relating to Bills of Lading at Brussels of August 25, 1924, applies by reason of the port of loading or discharge being in territory in which the said Act or other similar legislation is in force, this Bill of Lading shall have effect subject to the provisions of the said Act or other similar legislation, as the case may be, which shall be deemed incorporated herein, and nothing herein contained shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its responsibilities or liabilities under said Act or other similar legislation. If any term of this Bill of Lading is repugnant to the said Act or other similar legislation as so incorporated, such terms shall be void to that extent but no further."

parties intended this result is borne out quite clearly by ¶29 of the charter party which provides that any bill of lading "shall be without prejudice to the terms, conditions and exceptions of this Charter Party. . . ."

Therefore, in light of the fact that the ordinary burden of proof between a private shipper and carrier was not altered either by statute or contract, the rule of *Commercial Molasses, supra,* prevails. In that case, the Court held that the burden of proving a breach of the private carriage contract or of negligence by the bailee carrier was on the shipper. To be sure, the Court said that a shipper could make a *prima facie* case by simply establishing the loss of his goods and that the carrier then had a duty to come forward with information concerning the loss or risk a plaintiff's verdict, but it also clearly stated that if the trier of fact was left uncertain, the shipper had not met his burden,[6] *see also, Hampton Roads Carriers, Inc.* v. *Allied Chemical Corp.*, 329 F.2d 387, 391 (4 Cir.), *cert. denied*, 379 U.S. 839 (1964).

There is no doubt that the shipper, by F.I.C. its subrogee, has failed in its burden of proof. Under the general exceptions clause of the charter party, ¶23,[7] the owner or

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6 On occasion, the inferences permitted against the carrier by *Commercial Molasses Corp.* v. *New York Tank Barge Corp.*, 314 U.S. 104 (1941), have been misinterpreted actually to shift the burden of proof or "risk of non-persuasion." *Sweeney* v. *Erving*, 228 U.S. 233 (1913), relied upon by the Court in *Commercial Molasses*, at 113, makes quite plain that no such burden shifting was intended, *see also* C. McCormick, Evidence, §§307, 308, at 638-641 (1954).

7 ¶23(a) of the Charter Party reads as follows:

"23. *General Exceptions Clause.* (a) Neither the Vessel nor the master or Owner shall be or shall be held liable for any loss of or damage or delay to the cargo or for any failure in performing hereunder arising or resulting from:—Any act, neglect or default of the master, pilots, mariners or other servants of Owner in the navigation or management of the Vessel; barratry; fire, unless caused by the personal design or neglect of Owner; collision, strand-

carrier was not to be held liable for the loss of cargo on any account, unless it failed to exercise due diligence to make the ship seaworthy before she broke ground. Here, some of the possible causes of the loss are particularly exempted from owner liability, *e.g.*, fire, explosion, danger or accident of the sea, or neglect in the navigation of the vessel. Moreover, by retaining authority to approve the design, plans and specifications of the vessel, to inspect all steps in the work of conversion and to reject any equipment or components of the ship, and finally by accepting the vessel as delivered from Bethlehem, the shipper is estopped from recovery on any theory of improper design

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ing, perils, dangers or accidents of the seas or other navigable waters; saving or attempting to save life or property; wastage in weight or bulk or any loss or damage arising from inherent defect, quality or vice of the cargo; any act or omission of Charterer, shipper, consignee, owner of the goods or holder of the bill of lading, their agents and representatives; explosion, bursting of boilers, breakage of shafts or any latent defect in hull, machinery, equipment or appurtenances; unseaworthiness of the Vessel whether existing at the beginning of the voyage or developing during the voyage unless caused by want of due diligence on the part of Owner to make the Vessel seaworthy or to have her properly manned, equipped, and supplied; leakage; shrinkage; evaporation; change in quality of the cargo; handling or transportation losses; difference between actual or reported intake and outturn quantities; stowage or contact with or leakage from other cargo; discoloration; contamination; deterioration; any consequence arising out of shipping more than one grade of cargo; or from any other cause arising without the actual fault or privity of Owner. And neither the Vessel, her master or Owner, nor Charterer shall, unless otherwise in this Charter Party expressly provided, be responsible for any loss of or damage or delay to or failure to discharge or deliver the cargo arising or resulting from:—Act of God; act of war; act of public enemies; pirates or assailing thieves; arrest or restraint of princes, rulers or people; seizure under legal process provided bond is promptly furnished to release the Vessel or cargo; strikes, lockouts, stoppage or restraint of labor from whatever cause whether partial or general; or riot or civil commotion. No exemption afforded Charterer under this Clause shall relieve Charterer of or diminish its obligations for payment of any sums due Owner under other provisions of this Charter Party."

or structural failure or collapse, *see, Hampton Roads Carriers, supra*, at 392; *Alcoa Steamship Co. v. United States*, 94 F. Supp. 406, 407 (S.D.N.Y. 1950). But, in any event, in a case such as this, where the shipper was unable to prove that his loss was occasioned by some cause for which the carrier was liable, there can be no recovery.

As for the cargo claim against Bethlehem, it stands on no better ground than the death claims against the shipbuilder, which were dismissed for a failure to show that any fault on Bethlehem's part was a cause of the loss.

The Death Claimants have cross-appealed from the district court's denial of their motion for the imposition of punitive damages upon MTL, MSTC and Bethlehem. In view of our disposition of the claims for compensatory damages, Bethlehem is no longer concerned with this issue. As to the remaining parties, MTL and MSTC, we are satisfied that the trial court should be affirmed in its denial of punitive damages. A condition precedent to awarding them is a showing by the plaintiffs that the defendant was guilty of gross negligence, or actual malice or criminal indifference which is the equivalent of reckless and wanton misconduct. There is no evidence in this case to support a finding of any of these elements. *Lake Shore R. Co. v. Prentice*, 147 U.S. 101 (1893). Even if there were some evidence of this sort, the award of punitive damages is discretionary with the trial court. *The Amiable Nancy*, 16 U.S. (3 Wheat.) 546 (1818); *Precision Plating & Metal Finishing, Inc. v. Martin-Marietta Corp.*, 435 F.2d 1262 (5 Cir. 1970).

We affirm the denial of the petition of MTL and MSTC for exoneration or limitation of liability and affirm the allowance of the wrongful death claims against MTL and MSTC. We affirm the denial of the Death Claimants' motion for punitive damages and dismiss their cross-appeal on this point. We reverse the allowance of the wrong-

ful death claims against Bethlehem and order the dismissal of the action as to that respondent. We reverse the district court's allowance of the cargo claim of F.I.C. against MSTC and MTL and affirm the dismissal of its cargo claims against Bethlehem. Judgments may enter accordingly with costs as follows:

The Death Claimants may recover their costs against MTL and MSTC; Bethlehem may recover its costs against the Death Claimants; and MSTC, MTL and Bethlehem may recover their costs against the cargo claimant.

Opinion of the United States District Court, Southern District of New York

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

(Dated May 12, 1970)

63 Ad. 237

In the Matter of the Petition for Limitation of Liability of MARINE SULPHUR TRANSPORT CORPORATION,

As Owner,

—and—

MARINE TRANSPORT LINES, INC.,

As Demise Charterer,

of the Vessel MARINE SULPHUR QUEEN.

64 Ad. 769

In the Matter of the Petition for Limitation of Liability of TEXAS GULF SULPHUR COMPANY,

As Alleged Owner or Demise Charterer,

of the Vessel MARINE SULPHUR QUEEN.

Appearances:

Cadwalader, Wickersham & Taft, by John A. Sullivan, William S. Busch and Fred R. Profeta, Jr., New York City, for Marine Transport Lines, Inc., Marine Sulphur Transport Corporation and Texas Gulf Sulphur Company.

Cravath, Swaine & Moore, by Harold R. Medina, Jr., George J. Wade, David S. Cupps, and Arnold P. Messing, New York City, for Bethlehem Steel Corporation.

Bigham, Englar, Jones & Houston, by Douglas A. Jacobsen, Joseph J. Magrath, 3d, New York City, for United States Fire Insurance Company and death claimant Martin.

For the Death Claimants:

Schwartz and O'Connell, by Donald E. Klein, New York City.

Pressman and Scribner, by Frederick C. Stern, New York City.

Standard, Weisberg, Heckerling & Rosow, by Jack Weinberger, New York City.

Larry A. Roach, Esq., Lake Charles, Louisiana.

Cooper, Ostrin, DeVarco & Ackerman, by Samuel Ackerman and Herbert DeVarco, New York City.

Thomas M. Breen, Esq., New York City.

Baker, Garber, Chazen & Duffy, by Bernard Chazen and George J. Duffy, Hoboken, New Jersey; Jack Steinman, New York City, of counsel.

Fields, Rosen, McElligott & Auslander, by Thomas McElligott, New York City.

Enrico S. San Filippo, Esq., New York City.

Schneebaum and Blumenfeld, Brooklyn, New York.

Lebovici and Safir, by Herbert Lebovici, New York City.

Freedman, Borowsky & Lorry, by Ned R. Phillips, New York City.

CANNELLA, *J.*

The petition for exoneration from, or limitation of, liability made pursuant to 46 U.S.C. §183 *et seq.* by the Marine Sulphur Transport Corporation as owner, and by Marine Transport Lines, Inc. as demise charterer, of the vessel Marine Sulphur Queen is denied, and the wrongful death claims are allowed. The wrongful death claims are also allowed against the impleaded respondent Bethlehem Steel Corporation as designer and converter of the Marine Sulphur Queen, but these claims as against the impleaded respondent Texas Gulf Sulphur Company are dismissed.

The "contingent" petition for exoneration from, or limitation of, liability made pursuant to 46 U.S.C. §183 *et seq.* by the Texas Gulf Sulphur Company as alleged owner or demise charterer of the Marine Sulphur Queen is dismissed, and the claims herein against the Texas Gulf Sulphur Company are dismissed.

The cargo claim of the United States Fire Insurance Company is allowed against the Marine Sulphur Transport Corporation and Marine Transport Lines, Inc.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The claims referred to above arise out of the disappearance in the Gulf of Mexico on or about February 4, 1963 of the Marine Sulphur Queen [hereinafter "*Queen*" or "MSQ"], which had a crew of 39 and a full cargo of molten sulphur. The Marine Board of Investigation convened by the United States Coast Guard to investigate the disappearance concluded on August 23, 1963 that the *Queen* and her entire crew "must be presumed lost."[1] This court now

[1] Report of the Marine Board of Investigation to the Commandant of the U.S. Coast Guard, p. 26 (1963). This Report, which was introduced in evidence in its entirety as Claimants' Exhibit 24,

finds that the MSQ and all her crewmembers and cargo were in fact lost on or about February 4, 1963.

The court's jurisdiction is based on 46 U.S.C. §185, on the Jones Act—46 U.S.C. §688, and on 28 U.S.C. §1333(1)

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was approved by the Commandant on March 17, 1964. The report setting forth this action was put into evidence as Claimants' Exhibit 25.

Pages 20-22 of the Marine Board's Report describe the extensive search that was conducted for the *Queen* as follows:

> . . . The first information that the MARINE SULPHUR QUEEN was overdue was received by the Commander, Fifth Coast Guard District at 2100 EST, 7 February 1963. This information was immediately sent to the Rescue Coordination Center, U.S. Coast Guard Commander Eastern Area in New York via "hot line." At 2145 EST the Eastern Area Rescue Coordination Center was called by a representative of the Marine Transport Lines, New York Office, reporting that the vessel was overdue, together with a description of the vessel. At 2218 EST, 7 February, the Commander Eastern Area initiated a communication check by an "All Ships Urgent Broadcast" which was repeated three times daily until 16 February 1963. At 2220 EST, 7 February, RCA Radio was contacted as to information on delivery of message to and from the vessel during the period 2-7 February, with the results previously stated.
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> . . . Based on the above, a surface and air search was planned to commence at 0800 EST, 8 February providing that the communication check failed to locate the vessel. At 0138 EST, Coast Guard units in the 5th, 7th, and 8th Coast Guard Districts were alerted as to the search plan, and at 0800 EST when the communication check was negative, the search was commenced. The search comprised the following:
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> 8 February—Day search—trackline from Beaumont through Florida Straits to Norfolk, a distance of 1630 miles. Seven aircraft were used in 72 flight hours, searching about 58,000 square miles. This trackline search covered 30 miles on either side of the vessel's estimated track.
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> 8-9 February—Night search—three aircraft flew 23 flight hours and searched 22,000 square miles
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> 9 February—Day search—since vessel was not found along proposed track, a considerably expanded search plan

with regard to the claim arising under the Carriage of Goods by Sea Act, 46 U.S.C. §1300 *et seq.* Jurisdiction is

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was used. Nineteen aircraft flew 114 flight hours and searched 95,000 square miles.

9-10 February—Night search—two aircraft flew 12 flight hours and searched 8,300 square miles.

10 February—Day search—nineteen aircraft flew 136 flight hours and searched 76,700 square miles.

11 February—Day search—fourteen aircraft flew 86 flight hours and searched 55,000 square miles.

12 February—Day search—ten aircraft flew 42 flight hours and searched 22,000 square miles.

13 February—Day search—two aircraft flew 16 flight hours and searched 11,000 square miles.

This concluded the initial search for the MARINE SULPHUR QUEEN. During the period 8-13 February 1963, Coast Guard, Navy, Marine Corps and Air Force aircraft participated in 83 sorties, flying 499.6 hours and searched a total of 348,400 square miles with negative results. Further efforts to locate the MARINE SULPHUR QUEEN during this initial search utilized the Coast Guard Atlantic Merchant Vessel Reporting system which located 42 vessels that could possibly have sighted the MARINE SULPHUR QUEEN on 4 and 5 February. All of these vessels were checked out by Coast Guard personnel with negative results. Several telephone calls were received by Coast Guard units during this initial search phase with information that the ship would be found in Cuba or in Puerto Rico. These leads were checked out by other Federal agencies with negative results.

. . . On 20 February, a U.S. Navy torpedo retriever boat operating about 12 miles southwest of Key West, Florida sighted and picked up a fog horn and life jacket stencilled with the vessel's name. The second phase of the search for the MARINE SULPHUR QUEEN was then instituted, confined primarily to the area just west of Dry Tortugas Island, thence through the Straits of Florida, along the axis of the Gulf Stream, including the Bahamas Islands, and the east coast of Florida to Cape Canaveral. This search with seven ships and 48 aircraft sorties flying 271.4 hours covered an additional 59,868 square miles. The probability of sighting during both search phases was computed to be 95% for a vessel, 70% for a metal lifeboat and 65% for a liferaft. The U.S. Navy conducted an underwater search for the vessel's hulk during the

also predicated upon the Death on the High Seas Act[2] since the court finds that the MSQ and crew were lost "beyond a marine league from the shore of any state." 46 U.S.C. §761.

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On April 28, 1960, a meeting took place between representatives of impleaded respondent Bethlehem Steel, a Pennsylvania corporation hereinafter referred to as "Bethlehem", and petitioner Marine Transport Lines, a Delaware corporation hereinafter referred to as "MTL." At the meeting, Bethlehem agreed in principle to convert a

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period of 20 February through 13 March in an area from the shoals to the 100 fathom curve between Key West and 24°35′N, 83°30′W, using six Navy vessels for 523 hours on the scene and 17 aircraft sorties flying 57 hours with possibility of detection of 80% for the hulk. During this period, additional debris was recovered and identified as coming from the MARINE SULPHUR QUEEN. At 1740 EST, 14 March 1963, having received negative reports from all participating units, the search for the vessel was discontinued.

. . . The material recovered and identified as from the MARINE SULPHUR QUEEN consisted of 8 life jackets, 5 life rings, 2 name boards, 1 shirt, 1 piece of an oar, 1 storm oil can, 1 gasoline can, 1 cone buoy, and 1 fog horn. This material was deposited with the Coast Guard at Miami, Florida and later shipped to Washington, D.C. where it was examined by experts from the Bureau of Standards, the Coast Guard, and the Bureau of Fisheries. The consensus of opinion was that possibly two life jackets had been worn by persons and that the shirt tied to a life jacket had also been worn by a person. Numerous tears on the life jackets indicated attack by predatory fish. Further examination was made of certain of the debris by the Federal Bureau of Investigation who determined that the shirt bore no laundry marks, visible or invisible, and that no trace of sulphur particles was evident on any of the material. Visual examination of the material disclosed no trace of either explosion or fire.

(2d Cir. 1966).

[2] See generally Doyle v. Albatross Tanker Corp., 367 F.2d 465

T-2 tankship to a molten sulphur carrier. Fundamental to this accord were MTL requirements that the cost of the conversion not exceed $1,650,000 and that the converted ship have a minimum cargo capacity of 15,100 long tons.[3] The latter requirement was part of a long-term tanker consecutive voyage charter party[4] executed as of April 8, 1960 between MTL and the impleaded respondent, "petitioner" Texas Gulf Sulphur Company, a Texas corporation hereinafter referred to as "TGS."

Subsequent to the reaching of the agreement, petitioner Marine Sulphur Transport Corporation, a Delaware corporation and wholly owned subsidiary of MTL [hereinafter "MSTC"], purchased from the Humble Oil Company the Esso New Haven,[5] an all welded T2-SE-A1 tanker of 7240 gross tons and 4057 net tons, with a length of 504 feet, breadth of 68.2 feet and depth of 39.2 feet. This ship was built in 1944 by the Sun Shipbuilding and Drydock Co. of Chester, Pennsylvania.

The design of such T-2 tankers, however, had proven from the beginning to be unreliable, to say the least. In January, 1943, the Schenectady broke in two in port, and by July, 1946, a total of 15 T-2's had experienced Class I

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[3] See Report of Meeting—Marine Transport Lines T2 Sulphur Carrier Conversion, signed by J.N.S.[hrader] and dated April 29, 1960, p. 1 in Claimants' Exhibit 261. In addition to these fundamental requirements, the agreement was subject to certain preliminary conditions: (1) Approval of the plans and specifications by TGS. (2) Checking of the plans and specifications by George G. Sharp Co., Naval Architects & Engineers. (3) Finalization of a contract between MTL and TGS. (4) Final contract between MTL and Bethlehem. (5) Finalization of MTL's financing arrangements. See *id.*, p. 5.

[4] Petitioners' Exhibit 17. See p. 3.

[5] See Claimants' Exhibit 260.

Casualties,[6] while numerous others had experienced lesser fractures. Indeed, a T-2 tanker, the Pine Ridge, broke up in December, 1960 while the Esso New Haven was still in the process of conversion at Bethlehem's Baltimore shipyard.[7]

The original concept of the T-2 design envisioned distribution of the cargo (petroleum) throughout the spaces, port to starboard. Nevertheless, the transformation of the Esso New Haven into the MSQ contemplated removal of the original T-2 centerline tanks and replacement of them with a single independent, sulphur-carrying tank, some 306 feet long, 30 feet, 6 inches wide and 33 feet high—such tank being internally divided by sulphur-tight transverse bulkheads into four tanks with No. 1 83 feet long, Nos. 2 and 3 73 feet long, and No. 4 77 feet. The remaining original wing tanks were to be used only for ballast. Pursuant to this basic concept, Bethlehem had drawn up Plan 43933, Alt. 0[8] which it submitted in May, 1960 to MTL, TGS, the American Bureau of Shipping [hereinafter "ABS"][9] and the Coast Guard[10] for consideration. Installation of the

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[6] See Final Report of a Board of Investigation (convened by order of the Secretary of the Navy) To Inquire Into the Design and Methods of Construction of Welded Steel Merchant Vessels [Claimants' Exhibit 343] 88-101 (1946). See also Trial Minutes, pp. 1139-45.

[7] One Method employed to reduce serious hull fractures on T-2 tankers was to strap the hull with "crack arresters", and the Esso New Haven apparently had been outfitted with eight such arresters.

[8] See Claimants' Exhibit 364.

[9] The ABS is a marine classification bureau entitled to recognition by agencies of the U.S. Government. See 46 U.S.C. §881.

[10] The Coast Guard is a branch of the armed forces of the United States with a primary responsibility to administer laws and promulgate and enforce regulations for the promotion of safety of life and property on the high seas and on waters subject to the jurisdiction of the United States. See 14 U.S.C. §§1, 2.

306-ft. tank necessitated, in effect, the gutting of the ship, and Plan 43933, Alt. 0 accordingly provided, among other things, for the removal of nine transverse bulkheads located at frames 47, 50, 53, 56, 59, 62, 65, 68 and 71. There were not to be any complete or partial bulkheads connecting the structure of the cargo tank to the ship's structure. As agreed upon, MTL submitted this Plan to the George G. Sharp Co., which thereafter reported to MTL on May 17, 1960 as follows:

> A preliminary study of [Plan 43933. Alt. 0] indicates the design to be deficient in transverse strength. All the main transverse bulkheads in the center tanks of the original tanker have been removed. *We believe it will be necessary to restore at least three of those bulkheads* and divide the sulphur tanks into two or three longitudinal tanks with cofferdams between. Longitudinal top and bottom girders and transverses in way of the sulphur tanks have been reduced below what is considered good practice. It may be possible to make up this deficiency by increased thickness of materials in these structural members, but this will require a detailed study. *Correction of the above deficiencies will result in the reduction of the specified cargo deadweight of from 3 to 5%.*[11]

As soon as it received this report, MTL forwarded a copy to Bethlehem with a cover letter stating:

> . . . The remarks contained [in this report] are quite disturbing to us; however, we feel that from our pre-

[11] Emphasis added. Letter from Sharp Co. naval architect L. Hansen to Dr. C. Y. Chen of MTL. See Claimants' Exhibits 267B (Part I) and 364.

liminary discussions you will be able to meet all necessary classifications and Coast Guard requirements in order that we may guarantee our Charterer [TGS] the specified deadweight carrying capacity of not less than 15,100 longtons of molten sulphur.[12]

A day earlier, on May 16th, J. N. Shrader of Bethlehem had encountered a similar negative reaction to Plan 43933, Alt. 0 when he met with the ABS.[13] Thereafter, on May 20th, representatives of Bethlehem again met with the ABS. Bethlehem's "basic approach was to convince the Bureau that the sulphur tank, even though attached to the ship by bolted connections (plus being welded solid to the ship's

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[12] Letter dated May 17, 1960 from Robert F. Rae to Ralph Leaf, Ass't Gen'l Mgr. of Bethlehem's Shipbuilding Division, in Claimants' Exhibit 267B (Part I).

[13] Shrader reported on the meeting as follows:

> . . . Mr. Little and Mr. Foley [of the ABS] feel that our changes to the hull structure in the existing centerline cargo tanks are not adequate to maintain local transverse and longitudinal strength. Their initial thoughts are to retain three (3) complete transverse bulkheads, thereby making two cargo tank units instead of one, and to have deeper bottom and deck longitudinals than those presently proposed. These changes would necessarily reduce the cargo cubic available.
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> I pointed out that the new tank foundations would assist in breaking the span of the bottom transverses and the cargo tank itself would, even though bolted, act to maintain rigidity. Mr. Little feels that this is not the case and since the tank is bolted with slip joints no credit can be given to it as far as strength is concerned.
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> Upon being questioned about acceptability of an integral tank, as in our Proposition #2 to Marine Transport Lines, Mr. Little said that the Bureau would have no objection, although they would watch it very closely.
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> Mr. Little said that the Bureau would take no further action on the structure until we have reviewed our design and talk to them again.

Report of Visit to American Burau [*sic*] of Shipping New York Office, dated May 17, 1960, in Claimants' Exhibit 267B (Part I).

structure at the tank's mid point) actually contributes a great deal of strength by becoming part of the ship's hull girder."[14] This "approach" was clearly dictated by the overriding economic concern that minimum cargo capacity not go below the specified 15,100 tons. In any event, the ABS acquiesced in this approach after the inclusion of certain features in the design.[15] Bethlehem then drew up its revised Plan 43933, Alt. 1[16] which retained the basic single tank structure, but which added a complete transverse bulkhead at frame 59 and diaphragm bulkheads at frames 53 and 65. Furthermore, the wing tank transverse bulkheads

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[14] Marine Transport Lines T2 Sulphur Carrier Conversion—Report of Meeting, dated May 23, 1960, p. 1 in Claimants' Exhibit 267B (Part I).

[15] a. "Transverse bulkhead 59 must be made tight all around the tank, thereby making (along with the welded portions of the foundation) the central anchorage point of the tank structure.

b. Provide partial unstiffened flat plate bulkheads outboard of the tank structure port and starboard at frames 53 and 65. These will act to transmit the tank and cargo weight into existing wing tank structure. This and item (a) above would also assist the hull structure by breaking up the span of the CVK.

c. To assist in supporting the tanks, provide bolted expansion connections port and starboard between the tank structure and ship's longitudinal bulkheads at frames 47, 50, 56, 62, 68, 71. Since transverse and vertical expansion are slight, these connections need allow only for longitudinal expansion.

d. Since the sulphur tank centerline swash bulkhead is to act as an extension of the CVK, additional supports (struts) must be provided between it and the tank's longitudinal stringers to make the bulkhead more rigid.

e. . . . all of the cut-outs in the bottom transverses (for longitudinal framing) will have to be plated over. Small openings at the bottom will be allowed for drainage."

Id., p. 2.

[16] See Bethlehem's Exhibit A.

were to be aligned with the cargo tank's transverse bulkheads. This Plan was submitted to MTL, MSTC, TGS and the ABS and Coast Guard for consideration. There were no dissenters. On August 9, 1960, MSTC entered into a contract with Bethlehem for the conversion of the Esso New Haven into the MSQ,[17] and this process was completed by January 20, 1961.

Removal of the original centerline tanks and all of the transverse bulkheads in their way did not provide enough space, however, for installation of the 306-ft. tank, the cross section of which was rectangular. Additional structural reductions and/or alterations were required. The height of the center vertical keel from frames 46½ to 72½ was cut down from 7 feet, 6 inches to a constant height of 3 feet, 4 inches, and a 17 in. x 1 in. flange plate was welded to the top thereof. The transverse web frames, or floors, in the bottom of the ship were cut down to a constant horizontal plane of 3 feet, 4 inches above the flat keel plate and were fitted with 15 in. x 1 in. flange plates welded to the top thereof. On either side of the centerline vertical keel, the bottom longitudinals, 7 feet, 6 inches and 15 feet off the centerline, port and starboard, were extended up to this same 3 ft. 4 in. horizontal plane, by the addition of ½ inch plate with an 8 in. x 1 in. flange plate welded to the top. The bottom of the sulphur tank was fitted with five longitudinal stringers of ½ inch plate faced with 8 in. x 1 in. flanges. The longitudinals fitted to the bottom of the tank and the flange plates of the ship's bottom longitudinals were bolted together, except between frames 58 and 60, with a ½ inch thick, 8 in. wide phenolite laminated plastic installed between the flanges as a heat insulator. To permit longitudinal expansion and contraction of the tank, 1 inch bolts were mounted in 1-1/16 in. holes in the tank

[17] Petitioners' Exhibit 16.

longitudinals and passed through 1-1/16 in. x 3-1/2 in. slots in the insulator and the flanges in the ship's bottom longitudinals. Although not reflected in the conversion plan, these slots were increased in length to four inches for the last ten feet from either end of the tank. There was a single row of bolts on each of the outboard longitudinals and a double row on the centerline longitudinal. Between frames 58 and 60, a distance of 24 feet, 4 inches, the five longitudinals fitted to the bottom of the tank were welded to the ship's five bottom longitudinals after a plate ½ inch thick was inserted to compensate for the absence of the heat isolating material in these areas.

No precise measurements of the expansion were made during a subsequent test when air temperatures of 240° F. to 252° F. were achieved inside the *empty* tank,[18] but one witness recalled that the ends of the tank had expanded so that the bolts were within ¼ to ⅜ of an inch from the ends of the 4 in. slots. Apparently, no measurements of the expansion were ever made while the tank was full of molten sulphur. During the one test and later at various times while the vessel was in operation, loud noises caused by expansion and contraction of the tank were heard throughout the vessel.[19]

As was required below the tank, the ship's structural members also had to be cut above the tank in order to provide the requisite space. Under the weather deck, the centerline deck longitudinal girder was reduced from its original depth of 5 feet to 2 feet, 8 inches, except between frames 58 to 60 where the original depth was 3 feet, 6 inches. This section was welded directly to the top of the tank. Where this girder was cut to a depth of 2 feet, 8 inches, a 15 in. x 1 in. face flange was welded to the bottom thereof. On the

[18] The tank had been fitted with steam heating coils in its bottom, sumps, sides and ends.

[19] See Claimants' Exhibit 24 at p. 4.

top of the tank at the centerline, bracketed webs ½ inch thick with face plates 8 inches by 1 inch by 12 inches long were fitted at each frame between frames 47 to 71 inclusive except for the welded portion between frames 58 to 60. Again the slotted bolt arrangement was employed, with each connection being made with two bolts staggered on either side of the centerline of the girder.

In summary then, the cargo tank was attached at the bottom to five longitudinal girders and at the top to the centerline deck girder by means of slotted bolts. This unique arrangement was the subject of much expert testimony and criticism and was attacked as to its basic ability to hold in place a tank and cargo of the size and weight specified when the ship worked in a heavy sea.

Continuing with the features of the conversion, a complete watertight bulkhead surrounded the tank at frame 59 so that a void space then existed fore and aft of this bulkhead. Diaphragm plates were fitted between the tank sides and the wing tank longitudinal bulkhead at frames 53 and 65, both on the port and starboard sides. These diaphragm plates were not watertight. They extended from 4 feet, 6 inches above the tank bottom to within 1 foot, 6 inches of the top of the tank. At about the 20 ft. level above the tank bottom, 15 in. x 36 in. access holes, port and starboard, were cut out of the diaphragm plates to permit access along a cat walk, which together with appropriate vertical ladders, permitted personnel to descend from the weather deck to the void space surrounding the tank.[20] On each side of the tank, tank expansion connections consisting of two pieces, one welded to the tank and the other to the wing tank longitudinal bulkhead, were fitted at frames 47, 50, 56, 62, 68 and 71.

[20] The void space was approximately two feet wide at the sides of the tank, three feet at the top and six feet at the ends.

As noted previously, the cargo tank was divided internally into four separate cargotight areas. Each of these four sub-tanks was fitted at the after end with port and starboard expansion trunks which extended through the weather deck into watertight pumphouses.

To reduce thermal losses, the entire tank exterior was insulated with a blanket of Owens-Corning Armaglas PF-335, 4 inches thick on the bottom, sides, ends and around the expansion trunks and 6 inches thick on the top.

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The *Queen* was certificated at Baltimore by the Coast Guard on January 18, 1961 for the carriage of "Grade E liquids at elevated temperatures." She was then put in service transporting molten sulphur from TGS's main storage and loading terminal at Beaumont, Texas to molten sulphur terminals at Carteret, New Jersey and Norfolk, Virginia, as well as other Gulf and East coast ports on occasion. The vessel, which had an estimated life expectancy (by MTL) of 15 years, made only 63 voyages after conversion and prior to February 1, 1963. On that date, loading of molten sulphur[21] commenced at Beaumont. Some 7,828 long tons of dark sulphur were pumped into "tanks" 1 and 2; bright sulphur weighing 7,487 tons was pumped into "tanks" 3 and 4. Total load: 15,315 long tons.[22] In addition to this cargo, the MSQ had on board 3,830 barrels of fuel and 100 tons of water[23] at the time of

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[21] The temperature of the sulphur was between 273° and 276° F.

[22] The court accepts this figure, which is set forth in both the bill of lading and the weight certificate (Cargo Claimant's Exhibits B and C), for purposes of the cargo claim as opposed to the ship's figure of 15,260 tons.

[23] The draft in fresh water was 29 feet, 11 inches forward and 32 feet, 9 inches aft.

departure from Beaumont, 1330 hours (CST) on February 2, 1963. She proceeded to sea under the direction of a pilot, who left the vessel at the Sabine Bar Sea Buoy. Shortly thereafter, Captain James V. Fanning, master of the *Queen,* radioed that the ship had departed the buoy at 1900 CST (on February 2d) via 24.4°N 83.0°W to 24.8°N 80.2°W to 31.2°N 79.2°W to 35.1°N 79.3°W to Cape Henry, Virginia, with an estimated time of arrival at Norfolk of 12 noon (EST) on February 7th. Captain Fanning had been instructed to give both a 48 hour and a 24 hour advance notice of arrival to the Norfolk agent. No such messages were ever received. The only other (and last known) message from the MSQ was a personal one from a member of the crew which was transmitted at 1:25 a.m. (EST) on February 4th and received by RCA Radio. At this time, the estimated position of the ship was 25°45′N 86°W based on an estimated speed of 14.5 knots. RCA made two unsuccessful attempts to contact the *Queen,* the first commencing at 11:23 a.m. (EST) on February 4th. At that time, the vessel would have been at an estimated position of 24°40′N 83°19′W if she had continued along.

The hindcast prepared by the United States Navy Oceanographic Office on the weather conditions prevailing along the projected track of the MSQ during the period of 2000 hours (EST) on February 3 to 1300 hours (EST) on February 4 for the area between 88°W and 82°W indicates that the ship may have encountered seas with a maximum wave height of 16.5 feet slightly abaft the port beam. The winds would have been generally northerly in direction, also slightly abaft the port beam, with a maximum force of 25 knots and gusting to 46 knots. The vessel's period of roll was calculated to have been 8.5 seconds. The period

of the waves was included in the hindcast and was within ten percent of the MSQ's period of roll.

As with most, if not all, tragic and seemingly esoteric happenings, the loss of the *Queen* has precipitated a rash of theories incorporating both physics and metaphysics in varying degrees. The two petitions herein were filed on March 1, 1963 and July 9, 1964.[24]

In a proceeding for exoneration from, or limitation of, liability, the petitioners are required to prove that the given ship, in this case the *Queen,* was seaworthy when she broke ground and to set forth facts known to them which might have a bearing on the cause of the loss. The claimants have the burden of proof of establishing either unseaworthiness or negligence, and if they do this,[25] the petitioners must then show that they are entitled to limitation because of a lack of privity or knowledge as to the condition of unseaworthiness or negligence. See Petition of Moore-McCormack, 147 F.Supp. 816 *passim* (S.D.N.Y. 1956); Petition of Long, 293 F.Supp. 172, 173-74 (S.D.N.Y. 1968). See also Petition of the United States, 303 F.Supp. 1282, 1302-03 (E.D.N.C. 1969); Pre-Trial Order herein, page 4.

The burden of proof with regard to the impleaded respondents Bethlehem and TGS is on the death claimants.

Once it is prima facie that a cargo delivered on board as attested to in a bill of lading is lost, which is the case herein, the "carrier" is required to prove that it exercised due diligence to make the ship seaworthy or that the loss was the result of a cause excepted from liability by the Carriage

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[24] While denying that it is an "owner" within the meaning of the Limitation of Liability Act, TGS filed its petition in the event that the court were to find otherwise.

[25] Failure to carry this burden would entitle petitioners to exoneration.

of Goods by Sea Act [hereinafter "Cogsa"]. See, e.g., Lekas & Drivas, Inc. v. Goulandris, 306 F.2d 426, 429 (2d Cir. 1962). In this case, however, petitioners raise a threshold issue of whether the cargo claimant, the United States Fire Insurance Company—a New York corporation hereinafter referred to as "FIC", is entitled to subrogation under its ocean marine cargo insurance policy with TGS[26] and/or "subrogation receipt" dated March 4, 1963.[27] The burden of proof with regard to this issue is on FIC.

A trial was held on the sole issue of liability with petitioners MSTC, as owner, and MTL, as demise or bareboat charterer,[28] presenting evidence in an atttempt to substantiate their contentions that the MSQ was seaworthy in all respects; that the vessel's loss and the resulting loss of her crew and cargo were not caused or contributed to by any fault or neglect on their part, but rather by a peril of the sea or act of God; and that they lacked privity or knowledge with respect to any fault or neglect.

Zeroing in on the death claimants' basic contentions[29] by reducing the choke on their shotgun, they argue that TGS was a joint venturer with MTL and MSTC and therefore must also stand in the same position as those two petitioners; that the plan concocted by Bethlehem at the behest of MTL to convert a wasted T-2 tanker into a carrier of TGS's exotic cargo was negligent both in concept and implementation, for which TGS and Bethlehem are liable; that TGS and Bethlehem are liable for breach of an implied

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[26] Cargo Claimant's Exhibit D.

[27] Cargo Claimant's Exhibit A. On that date, FIC indemnified TGS for the loss of its cargo in the amount of $428,820.

[28] See Petitioners' Exhibit 23.

[29] Essentially similar arguments are made by FIC.

warranty of fitness and suitability and under the concept of strict tort liability; and that the MSQ was negligently maintained and operated by the petitioners (including TGS) and Bethlehem. The death claimants further contend that the *Queen* must be presumed to have been unseaworthy by virtue of its otherwise unexplained loss under conditions of wind and sea which she was designed to meet; that there was statutory fault requiring application of the *Pennsylvania* Rule; and that the MSQ was unseaworthy due to structural weakness and to a number of dangerous conditions inherent in the design and purpose of the conversion.[20] The death claimants argue that the petitioners are not entitled to exoneration due to a failure to prove that the MSQ was seaworthy in all respects and that the petitioners are not entitled to limitation of liability because they were privy to the negligence and unseaworthiness which caused the loss of the vessel.

The essential points of TGS's defense as impleaded respondent are that it was not a joint venturer with MSTC-MTL, but only a voyage charterer of their vessel; that its cargo was one which is relatively safe to store, handle and carry; and that the loss of the MSQ and her crew and cargo was not caused by negligence or want of care on its part, but rather by a condition or cause unknown to TGS.

Bethlehem argues that it carried out the conversion in conformity with the best commercial marine practices and

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[20] Death claimants allege, for example, that there was a continual potential for explosion in that two explosive gases—hydrogen sulphide and carbon disulphide—which tend to be liberated from molten sulphur, especially when it is agitated, and explosive sulphur dust permeated the void spaces due to an inadequate ventilation system and that the resultant gaseous mixtures were susceptible to ignition at any time by recurring fires on the surface of the molten sulphur and in the insulation surrounding the tank.

with a plan approved by the owner and charterer of the vessel; that the design was approved by the ABS and Coast Guard, which granted the MSQ a certificate; and that the cause of the loss of the ship is utterly unknown but could have been any one of a number of natural phenomena including a meteorite or tsunami or "freak sea." Bethlehem further contends that it is not liable in the absence of any showing of negligence on its part which proximately caused the loss and that the doctrines of res ipsa loquitur and strict tort liability do not apply to it in this case.

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The evidence in this case makes it abundantly clear, and the court so finds, that petitioners MSTC and MTL have failed to sustain their initial burden of proving that the MSQ was seaworthy when she departed Beaumont on February 2, 1963. The court makes the following specific determinations:

I.

As part of its responsibility "for the promotion of safety of life and property on the high seas and on waters subject to the jurisdiction of the United States," the Coast Guard is required to certify that the hull of a given vessel "is of a structure suitable for the service in which she is to be employed." 46 U.S.C. §391(b). The Coast Guard has promulgated rules and regulations for tank vessels[31] pursuant to Section 391a(2) of Title 46, U.S.C., which provides, in part:

> In establishing such rules and regulations the Commandant of the Coast Guard may adopt rules of the American Bureau of Shipping or similar American

[31] See generally Subchapter D of Title 46, C.F.R.

classification society for classed vessels insofar as such rules pertain to the efficiency of hulls and the reliability of machinery of vessels to which this section applies.[32]

Section 31.10-1 of Title 46, C.F.R. reads as follows:

> . . . (a) In the inspection of hulls, boilers, and machinery, the current standards established by the American Bureau of Shipping and designated "Rules for Building and Classing Steel Vessels" respecting material and construction of hulls, boilers, and machinery, except as otherwise provided for by law and regulations in this chapter, shall be accepted as standard by the Coast Guard.
>
> (b) The current standards established by the American Bureau of Shipping in effect at the time of construction of the vessel, or otherwise as applicable, shall be used. The book "Rules for Building and Classing Steel Vessels" is usually published annually . . .
>
> (c) The approved plans and certificate of the American Bureau of Shipping, or other recognized classification society for classed vessels, may be accepted by the Coast Guard as evidence of the structural efficiency of the hull and reliability of machinery of vessels subject to the regulations in this subchapter, except as otherwise provided for by laws and regulations in this chapter.

The foregoing provisions make it clear that ABS standards and rules are entitled to, and do have, statutory effect.

The ABS standard in 1959-60 with regard to strength bulkheads was that "[a]ll vessels should have *complete*

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[32] See also 46 U.S.C. §369(b).

transverse bulkheads extending to the Strength Deck, spaced not over 100 feet apart." [33] A number of witnesses, including Edward P. Rahe of Bethlehem's Shipbuilding Division, recognized this 100-ft. rule as the standard for the spacing of transverse bulkheads. Indeed, prior to conversion, the distance between complete transverse bulkheads in the Esso New Haven was 36 feet, 6 inches. After conversion, the MSQ had one transverse bulkhead at frame 59. This bulkhead was some 159 feet from the next complete bulkhead forward and 150 feet from the next complete one aft. The court finds that the diaphragm bulkheads installed at frames 53 and 65 in no way qualified as "complete transverse bulkheads."

Although the ABS approved the bulkhead arrangement of Plan 43933, Alt. 1,[34] the court finds that the ABS should have adhered to its initial reaction to the conversion, namely, that there be at least three complete transverse bulkheads,[35] and that by not doing so, the ABS violated its own rule. It is true that this rule further provides that where "spaced not over 100 feet apart . . . is impracticable, the transverse strength and stiffness of the hull is to be effectively maintained by deep webs or partial bulkheads," and the ABS apparently relied on this provision in approving the diaphragm plates. But the court finds that installation of at least three complete transverse bulkheads

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[33] Emphasis added. ABS, Rules for Building and Classing Steel Vessels [Claimants' Exhibit 362] 33 (1959); ABS, Rules for Building and Classing Steel Vessels [Claimants' Exhibit 362A] 35 (1960).

[34] The Coast Guard had, as usual, predicated its approval on ABS acceptance. See Claimants' Exhibit 24 at pp. 35-36.

[35] See *supra* n. 13.

was not impracticable[36] and that the transverse strength and stiffness of the T-2 hull were not maintained by the cutting down of the web frames and the installation of the diaphragm bulkheads.

Traditional practice has apparently been for the Coast Guard to adhere to the ABS rules and regulations regarding hull structure, and the court therefore finds that this adherence gives the 100-ft. rule statutory effect. But even if there were no such adherence, the court finds in view of all the expert testimony in this case that this rule should be followed as a rule of thumb. "Courts must in the end say what is required; there are precautions so imperative that even their universal disregard will not excuse their omission." The T. J. Hooper, 60 F.2d 737, 740 (2d Cir.), cert. denied sub nom. Eastern Transportation Co. v. Northern Barge Corp., 287 U.S. 662 (1932); Coleman v. Jahncke Service, Inc., 341 F.2d 956, 959, rehearing denied, 348 F.2d 868 (5th Cir. 1965), cert. dismissed sub nom. Jahncke Service, Inc. v. Greater New Orleans Expressway Commission, 382 U.S. 967 (1966).

Violation of the 100-ft. rule amounted to statutory fault[37] requiring the petitioners MSTC and MTL to show that this violation "not merely . . . might not have been one of the causes, or that it probably was not, but that it could not have been." The Pennsylvania, 86 U.S. (19 Wall.) 125, 136 (1873). See Waterman Steamship Corp. v. Gay Cottons,

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[36] The only apparent reason for the decision not to employ at least three complete bulkheads was the heretofore mentioned one of economy of cost and a desire to maximize cargo capacity. Cf. Sharp Co. letter, *supra* n. 11.

[37] Cf. Belden v. Chase, 150 U.S. 674, 698 (1893); Commercial Transport Corporation v. Martin Oil Service, Inc., 374 F.2d 813, 819 (7th Cir. 1967).

414 F.2d 724, 737 (9th Cir. 1969). This MSTC and MTL have failed to do, and they are therefore not entitled to exoneration from liability. The rule with respect to the spacing of bulkheads is aimed, among other things, at minimizing the effect of racking stresses. The court finds that the replacement of the nine original T-2 transverse bulkheads with the one at frame 59 and with the diaphragm plates substantially weakened the *Queen's* ability to cope with racking stresses which result from working in a heavy sea like the one in the Gulf of Mexico on February 3-4, 1963.

The court further finds that both MSTC and MTL were well aware of the specifics of the conversion plan,[35] including the number and spacing of bulkheads, and that they were thus privy to, and knew of, the non-adherence to the 100-ft. rule. This was pointed out, in effect, to MTL by its consultants—Sharp & Co.—in the letter of May 17, 1960. MSTC and MTL are therefore not entitled to limitation of liability.

II.

MSTC and MTL had an absolute duty to furnish a vessel reasonably fit for its intended use. "The standard is not perfection, but reasonable fitness; not a ship that will weather every conceivable storm or withstand every imaginable peril of the sea, but a vessel reasonably suitable for her intended service." Mitchell v. Trawler Racer, Inc., 362 U.S. 539, 550 (1960). However, MSTC and MTL did not live up to their absolute duty. Perhaps the clearest

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[35] MTL, which acted as MSTC's "agent" during the period of the conversion, assigned its Assistant to the President in Charge of Engineering, Robert F. Rae, to oversee the operation. Rae in turn assigned port engineer Raymond McGraw to be present at Bethlehem's shipyard throughout the conversion process.

indictment of the design of the MSQ is the Marine Board of Investigation's following recommendation:

> In the future, the same conversion of another T-2 type tanker should not be approved. Further, it is recommended that no other conversion of this type vessel should be approved which deviates from the originally designed features for the carriage of normal petroleum products.[39]

"The subsidiary questions leading to ultimate conclusion of seaworthiness are . . . what is the vessel to do? What are the hazards, the perils, the forces likely to be incurred? Is the vessel or the particular fitting under scrutiny, sufficient to withstand those anticipated forces? If the answer is in the affirmative, the vessel (or its fitting) is seaworthy. If the answer is in the negative, then the vessel (or the fitting) is unseaworthy no matter how diligent, careful, or prudent the owner might have been." Walker v. Harris, 335 F.2d 185, 191 (5th Cir.), cert. denied, 379 U.S. 930 (1964). The answer herein is clearly negative; the court finds that the *Queen* was intrinsically unseaworthy[40] and not reasonably

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[39] Claimants' Exhibit 24, p. 37. The Commandant concurred in the recommendation that the same conversion not be approved again, but he ruled that the further recommendation regarding any deviation from the original design features required "considerable qualification." See Claimants' Exhibit 25 at p. 6.

[40] The MSQ was unseaworthy in a number of respects: While provision was made for longitudinal expansion of the cargo tank, there was no provision for transverse and vertical thermal expansion and the stresses resulting therefrom. The concentration of the entire weight of the cargo within approximately fifteen feet on either side of the centerline of a vessel originally designed for even cargo distribution throughout the spaces, port to starboard, reduced the ship's radius of gyration, and its period of roll was therefore faster than another vessel with the same metacentric height. Corrosive (and conceivably explosive) solid sulphur rang-

suitable for her intended service. The standard for the transverse strength of a T-2 tanker is, of course, a standard T-2. The primary transverse members of such a ship are the transverse bulkheads and web frames. One expert calculated that removal of the nine bulkheads resulted in an initial transverse bulkhead area reduction of 69.33 percent. Web area reduction, according to his figures, amounted to 88.71 percent.[41] Allowing full credit for the new bulkhead at frame 59 and the diaphragm plates installed at frames 53 and 65, he calculated the total area reduction of transverse members to be 43.7 percent.[42] The court finds that this reduction in the total area of the transverse members resulted in a very substantial weakening of the transverse strength of the original hull of the MSQ. In addition, the court finds that the cargo tank and the diaphragm bulkheads added little, if anything, to the transverse strength of the vessel.[43]

The petitioners make much of the fact that the *Queen* was constantly attended and scrutinized by a "host of individuals," including officers of MTL, marine superintendents, port engineers and various technicians, as well as inspec-

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ing in texture from fine dust particles to solid chunks coated most of the interior of the vessel surrounding the cargo tank. There was no adequate system for warning the crew of the presence of toxic and potentially explosive mixtures of hydrogen sulphide and carbon disulphide within both the cargo tank and the void spaces. The 6-in. and 4-in. vents for venting off these gases from the surface of the molten sulphur were ineffective on the ill-fated voyage as a result of filling the sub-tanks into the expansion trunks.

[41] See Trial Minutes, p. 851.

[42] See *id.* at 858.

[43] Concentration of the entire cargo within a transverse distance of less than half of the beam of the ship did not serve to lessen the shear stress on the bottom transverse webs, which had been cut down to accommodate the cargo tank in the first place.

tors from the Coast Guard and ABS.[44] Of course, the attendance of a number of these people (e.g. the Coast Guard inspectors) was statutorily required from time to time. But the very fact that MTL, for example, required the continuing presence of technicians implies, in itself, the uniqueness of the MSQ's design and the concern for its performance. The short history of the vessel shows that it was prone to fires,[45] for one thing.

The petitioners and impleaded respondents speculate that the *Queen* fell victim to a "freak sea" or to the weather in the Gulf of Mexico on February 4, 1963, which they argue represented a peril of the sea. The court specifically rejects the conjecture regarding a freak sea. There is no evidence whatsoever before the court indicating that other ships in the Gulf at the same time as the MSQ experienced such wave formation(s). As for the weather during the early hours of February 4th, the court finds that strong winds and rough northerly seas existed, but that this condition was by no means extraordinary,[46] nor did it represent a situation which a seaworthy ship could not have been reasonably expected to weather. Indeed, some 24 ships reporting weather observations for that date to the Weather Bureau apparently did cope with the conditions.[47] The vessel Texas Gulf Sulphur No. 1—a smaller liberty ship also converted to transport molten sulphur, albeit with four complete transverse bulkheads—managed to sail high and light to Houston, Texas along a course somewhat parallel-

[44] See generally Petitioners' Post-Trial Brief, pp. 12-28.

[45] See Claimants' Exhibit 24, pp. 9-10.

[46] It seems unlikely that a member of the crew of the MSQ would send a personal radio message at 1:25 a.m. if the ship were experiencing a raging storm.

[47] Cf. Claimants' Exhibit 356.

ing (in the opposite direction) the probable one of the *Queen*.[48] The Smooth Deck Log Book of the Texas Gulf Sulphur No. 1 lists winds ranging in force from 6-7-8 on the Beaufort scale during the period of time 0100-1200 hours on February 4th.[49] The vessel's master, Bjorneby, testified, however, that these ratings were just estimates,[50] although they are essentially in conformity with those of the hindcast. Captain Bjorneby also testified that he had sailed through such winds many times, including the voyage in point, without suffering any damage.[51] He indicated that the obviously desirable condition for experiencing such weather was laden [like the *Queen*] rather than light.[52]

The petitioners argue that, in view of the prevailing weather conditions, it is quite likely that capsizing brought about the sudden loss of the MSQ.[53] There is logic in this conjecture when one considers the weather factor along with the fact that a distress signal can often be transmitted within a matter of seconds. However, even if capsizing were the actual cause of the disaster, *although the court makes no such finding,* such an occurrence would be attributable to the unseaworthy condition created by the conversion concentration of cargo within some 15 feet on either side of the centerline which effected a reduction of the original period of roll of 12.1 seconds for a T-2 hull to 8.5 seconds for the *Queen*. The calculated period of waves was within ten percent of this converted period of roll.

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[48] See Petitioners' Exhibit 1.

[49] See Petitioners' Exhibit 28.

[50] Trial Minutes, p. 1316.

[51] *Id.* at 1314-15.

[52] See *id.* at 1310.

[53] Petitioners' Post-Trial Brief, p. 33.

Then again, a conclusion the logic of which is more compelling in view of all the known facts is that the MSQ suffered a sudden and massive structural collapse. But be that as it may, this court concurs in the repeated representation of Bethlehem that no one knows *how* the ship was lost.

In a case involving the unexplained loss of a fishing boat, the Court of Appeals for the Ninth Circuit affirmed the trial court's conclusion that "[t]here is no presumption of unseaworthiness of the vessel since there [was] no evidence indicating either negligence or unseaworthiness . . . at or prior to the time of the loss." Walston v. Lambertsen, 349 F.2d 660, 661 (9th Cir. 1965), cert. denied, 382 U.S. 980 (1966). Relying on *Admiral Towing Co.* v. *Woolen,*[54] the Court in *Walston* expounded the nature of the permissible presumption in a case like this as follows: ". . . if a claimant establishes that a vessel is unseaworthy, the trial court may presume that the unseaworthiness was the proximate cause of the sinking, otherwise unexplained, of a vessel in calm seas. . . . [This] presumption . . . has been indulged only when the claimant has been able to establish to the satisfaction of the trial court that the vessel was unseaworthy at the time it departed on its last voyage."[55] 349 F.2d at 662.

The rule in this Second Circuit permits the presumption of causation. It may also encompass the existence of un-

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[54] 290 F.2d 641 (9th Cir. 1961).

[55] The underlying policy for this rule was stated as follows:

> The sea itself contains many hazards, and an inference of liability of the shipowner for the mysterious loss of his vessel should not be lightly drawn. (footnote omitted) 349 F.2d at 662.

seaworthiness[56] as well. See Federazione Italiana Dei Corszi Agrari v. Mandask Compania De Vapores, S.A. [hereinafter "The Perama"], 388 F.2d 434 (2d Cir.), cert. denied, 393 U.S. 828 (1968); South, Inc. v. Moran Towing & Transportation Co. [hereinafter "The Vega"], 360 F.2d 1002 (2d Cir. 1966).

While the losses of the Perama and Vega and the boat in *Walston* all occurred during fair weather and calm seas, this court is aware of no valid reason for not applying the same rule herein where the MSQ was lost under conditions which the court finds a seaworthy vessel should have been reasonably expected to weather. Cf. Walker v. Harris, 335 F.2d at 193; Brinegar v. San Ore Construction Company, 302 F.Supp. 630, 634 (E.D.Ark. 1969).

The presumption of causation is rebuttable and therefore operates in the same manner as the *Pennsylvania* Rule. That is, if and when claimants prove that a particular ship was unseaworthy when she last broke ground, which is clearly the case here, the owner or party seeking to avoid liability can rebut the presumption by showing that the unseaworthiness could not have caused the loss. Here again, the court finds that MSTC and MTL not only failed to rebut the presumption, but they also were unable to show that they were not privy to, or knowledgeable of, the unseaworthiness of the *Queen*.

Thus, in addition to, and independent of, the court's conclusion that the petitioners MSTC and MTL are not entitled to exoneration from, or limitation of, liability on the basis of the statutory fault, the court hereby concludes that

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[56] For a case involving the unexplained loss of a ship where the trial court clearly presumed that the vessel was unseaworthy and that the loss was caused by this unseaworthiness, see Martin & Robertson, Ltd. v. The Steamship *Barcelona*, 1968 A.M.C. 331 (S.D.Fla. 1967).

the two petitioners are not entitled to exoneration or limitation as a result of the proven unseaworthiness of the MSQ.

III.

A minimum cargo capacity of 15,100 long tons of molten sulphur had been the uncompromising requirement for the conversion of the Esso New Haven. The master of the *Queen* was issued a temporary stability letter[57] and "Preliminary Trim, Stability & Loading Stress Booklet," [58] approved by the Coast Guard on January 19, 1961 pursuant to 46 C.F.R. §31.10-30(d)(2). The Booklet listed an optimum cargo tonnage of 15,211 long tons based on 20.08 cubic feet of molten sulphur per ton at 275° F. Full load displacement was calculated to be 21,980 tons, with a full load draft of 30 feet, 3 inches. The cargo tonnage figure of 15,211 was exceeded on no less than *45* of the 64 voyages of the MSQ, including the ill-fated sixty-fourth.[59]

Both the temporary stability letter and Stress Booklet stated that a sagging (or hogging) numeral in excess of 100 was not authorized. Nevertheless, calculations for the last 60 voyages of the MSQ (for which printed Port Log-Vessel Reports were used) indicate that, while loaded, the sagging numeral for the vessel exceeded 100 on 52 occasions, varying from 100.55 to 104.66. The hogging numeral on all fully loaded voyages varied from 47.63 and 55.01. The calculated stress numerals at the time of departure from Beaumont on February 2, 1963 were 54.37 in hog and 101.01 in sag.

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[57] Petitioners' Exhibit 22.

[58] Petitioners' Exhibit 21.

[59] See the Port Log-Vessel Reports of the MSQ, Petitioners' Exhibit 19.

According to the figures contained in the Vessel Report, the *Queen* had a mean draft in fresh water at that departure of 31 feet, 4 inches. The equivalent salt water mean draft was 30 feet, 8 inches.

The MSQ was by definition in "coastwise" operation. See 46 U.S.C. §88. Under the coastwise rules for loading, the ship was some three inches above her marks when she last broke ground on February 2nd, and the court thus finds that her loading did not amount to a statutory violation,[60] although she was clearly loaded more than to the gills on that date—i.e. into the expansion trunks.

The court concludes, however, that the disregard of the optimum tonnage figure[61] set forth in the Stress Booklet on the *Queen's* last voyage (and on 44 previous voyages) amounted to gross negligence on the part of MTL in view of the unique design of the vessel. To have instigated this design with a cargo capacity requirement of 15,100 long tons and then to have continually exceeded the optimum figure, which was 111 tons in excess of this requirement to begin with, is incomprehensible except in terms of *unacceptable* economic considerations.[62] MTL, as bareboat

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[60] However, the court notes that the vessel was some five inches below her international marks.

[61] Even the ship's temperature-corrected tonnage figure of 15,240 was in excess of the optimum figure. See Vessel Report for Voyage No. 64 in Petitioners' Exhibit 19. Moreover, the base ship's figure of 15,260 long tons for February 2, 1963 had been exceeded on only three previous voyages, to wit, the 12th, 16th and 57th.

[62] As Judge Weinfeld has so aptly pointed out:

> This Court is unaware of any current authority or doctrine in general maritime law which shifts to the [crew] the burden of the hazards created by the shipowner's endeavors, experimental or otherwise, to increase the productive earning power of his vessel . . .

Rodriguez v. Coastal Ship Corporation, 210 F.Supp. 38, 42 (S.D. N.Y. 1962).

charterer, certainly cannot be heard to argue that it was unaware of, and therefore not responsible for, MSQ loading practices. Cf. Coryell v. Phipps, 317 U.S. 406, 410 (1943). Its representatives kept a continuing eye on the vessel's operation, and the Vessel Reports, including the one for the last voyage, were generally stamped "received" by MTL within several days of departure from Beaumont.

Contrary to the argument of the petitioners,[63] the court finds that the death claimants did not abandon their claims under the Jones Act, nor were they required to do so. See Doyle v. Albatross Tanker Corp., 367 F.2d 465, 467 (2d Cir. 1966). The Jones Act, of course, created a federal right of action for the wrongful death of a seaman based on the Federal Employers' Liability Act which allows recovery for death resulting "in whole or in part" from negligence. 45 U.S.C. §51. See, e.g., Ferguson v. Moore-McCormack Lines, Inc., 352 U.S. 521, 523 (1957). In order to recover, a claimant is not required to prove common-law proximate causation. Crane v. Cedar Rapids & Iowa City Railway Co., 395 U.S. 164, 166 (1969); Rogers v. Missouri Pacific Railroad Co., 352 U.S. 500, 506, rehearing denied, 353 U.S. 943 (1957). The Court of Appeals for the First Circuit interpreted *Rogers* as meaning that "only the barest possibility of causation is enough to make out a case for the jury." New York, New Haven & Hartford Railroad Company v. Henagan, 272 F.2d 153, 157-58 (1st Cir. 1959). Despite the Supreme Court's reversal of *Henagan* on the basis of the trial record,[64] the Court of Appeals' assessment of the causation standard for FELA-Jones Act cases has certainly proven perspicacious. See

[63] Compare Petitioners' Post-Trial Brief, p. 59, with Death Claimants' Reply Memorandum, p. 2.

[64] 364 U.S. 441 (1960).

generally 98 A.L.R.2d 653-83; Prosser, Law of Torts 560-61 (3d ed. 1964).

In a Jones Act action based on the negligent loading of the M/V Wingate, the subsequent loss of which "being otherwise unexplained," the Fifth Circuit Court of Appeals reversed the trial court's directed verdict for the defendants, finding that the jury could have inferred that the loss of the vessel and crew was due to the negligent loading. Roth v. Bird, 239 F.2d 257, 262 (5th Cir. 1956). See Roth v. Cox, 210 F.2d 76 (5th Cir. 1954). The Ninth Circuit relied on *Roth* and *Schulz* v. *Pennsylvania Railroad Co.*[65] in affirming the trial court's denial of a petition for limitation of liability in a Jones Act action sounding in negligence for the disappearance of a tugboat. Admiral Towing Company v. Woolen, supra. See especially 290 F.2d at 649-52. The Court concluded that:

> . . . the requirement of legal cause can be supplied by inference when, as here, there is negligence and/or unseaworthiness on the one hand and an unexplained disappearance of a vessel at sea on the other.[66]

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[65] 350 U.S. 523 (1956).

[66] 290 F.2d at 652. Cf. Petition of Risdal & Anderson, Inc., 248 F.Supp. 928 (D.Mass. 1966).

Often at least the nature of airplane (and ship) losses is known as a result of a combination of factors including electronic surveillance, possibly eye witnesses and/or survivors and wreckages, and the only thing subject to inference is causation. A good example of such a case is *Montgomery* v. *Goodyear Aircraft Corporation*, 392 F.2d 777 (2d Cir.), cert. denied, 393 U.S. 841 (1968). The Court of Appeals in this Circuit has concluded:

> Th[e] inability to explain the precise cause of an airplane crash is not a rarity in cases where the members of the crew—who would have been most familiar with the tragic events—have perished. In such instances, the court is required to reconstruct the events leading to the crash from the available evidence (often the silent charred wreckage) and from the

The absolute duty of an owner (or bareboat charterer) to furnish a seaworthy ship is "completely independent of his duty under the Jones Act to exercise reasonable care." Mitchell v. Trawler Racer, Inc., 362 U.S. at 549. However, breach of the latter duty can aggravate, or lead to, a breach of the former. In view of this and the fact that furnishing a ship which is unseaworthy raises a rebuttable presumption of causation in a case like this, a similar presumption must also arise with regard to negligence. Rebuttal requires a showing that the negligence could not have contributed to the loss of the vessel. Cf. Manning v. M/V "Sea Road", 417 F.2d 603, 610 (5th Cir. 1969). This is, of course, the same test applied to a situation where a ship's loading amounts to a statutory violation (which was avoided in this case only because of the "coastwise" load-line increment). See, e.g., Petition of Long, supra. But be that as it may, MTL has not been able to prove that its loading of the *Queen* on her last voyage could not have contributed to her demise, especially in view of the intrinsic structural weakness. The Jones Act claims are therefore allowed against MTL.

IV.

Bethlehem's generally excellent trial brief begins, however, with the following non sequitur: "[I]t is difficult to conceive that Bethlehem can be held to have performed its duties in an unreasonable manner in light of the studies

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reasonable inferences to be drawn from such evidence. We do not blink at the obvious when we say that conclusions thus grounded can never be proven with mathematical exactitude. Ingham v. Eastern Air Lines, Inc., 373 F.2d 227, 240 (2d Cir.), cert. denied, 389 U.S. 931 (1967).

and views made and expressed not only by Bethlehem itself but by the owner, the charterer, the user and the two regulatory bodies who are charged with the responsibility and power to ensure the safety and seaworthiness of the American merchant marine . . . "[67] But Bethlehem and the owner, charterer and user were all in the same boat with regard to the design of the MSQ. Only those few mortals of the ABS actually stood between whatever design Bethlehem settled on and the rubber stamp of the Coast Guard. Clearly unimpressed at first, the ABS finally succumbed to Bethlehem's "basic approach." To have done so was wrong. But the failure of the Coast Guard and the ABS to live up to their duty to promote the safety of life and property at sea in no way relieves a shipbuilder of *its* duty to exercise reasonable care in designing and carrying out the conversion of a ship, and the court finds that to have gutted a 16-yr. old tanker of the structually unreliable T-2 class and then restructured it in disregard of the generally recognized rule for the maximum spacing of complete transverse bulkheads which Bethlehem had previously *never* exceeded[68] was negligence on the part of Bethlehem. "If the nature of a thing is such that it is reasonably certain to place life and limb in peril when negligently made, it is then a thing of danger," and "the manufacturer of this thing of danger is under a duty to make it carefully." MacPherson v. Buick Motor Co., 217 N.Y. 382, 389, 111 N.E. 1050, 1053 (1916). See generally Arnott, Design and Construction of Steel Merchant Ships 55-56 (1955). The court further finds that Bethlehem was negligent in designing the conversion in such a way as to concentrate the entire weight of the cargo

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[67] Trial Memorandum on Behalf of Impleaded Defendant Bethlehem Steel Corporation [hereinafter "Bethlehem Brief"], pp. 1-2.

[68] See Trial Minutes, p. 2008.

within fifteen feet on either side of the centerline, thereby significantly reducing the ship's radius of gyration, as well as tending to increase shear stress on the reduced transverse web frames. Bethlehem was also negligent for not having provided for transverse and vertical thermal expansion of the cargo tank.

Bethlehem's role of designing the conversion and then providing all the labor and materials necessary to carry it out was typical for a shipyard. While Bethlehem may not have laid the keel, the court finds that it launched essentially a "new" ship in view of the uniqueness of the design and the significant alteration of both the structure and purpose of the vessel. Sales are, of course, the usual means by which products enter commerce, but products liability, which encompasses users, arises not only as a result of such sales, but also "where a manufacturer has placed a defective article in the stream of commerce by other means." Delaney v. Towmotor Corporation, 339 F.2d 4, 6 (2d Cir. 1964). Cf. Deveny v. Rheem Manufacturing Company, 319 F.2d 124, 130 (2d Cir. 1963).

The question of the most desirable nomenclature for the manufacturer's liability for defective products—be it "breach of implied warranty" [69] a la the landmark decision of *Henningsen* v. *Bloomfield Motors, Inc.*, 32 N.J. 358, 161 A.2d 69 (1960), or "strict liability" as enunciated, for example, in Section 402A of the Restatement (Second) of Torts—is far from settled.[70] See, e.g., Goldberg v. Kolls-

[69] Bethlehem does not seriously dispute the existence in this case of an implied warranty of fitness and suitability for the MSQ's intended use. See Bethlehem Brief, pp. 35-41.

[70] Judge Eschbach and Professor Kessler have done much, however, to place the theories in perspective. See Sills v. Massey-Ferguson, Inc., 296 F.Supp. 776 (N.D.Ind. 1969); Greeno v. Clark Equipment Company, 237 F.Supp. 427 (N.D.Ind. 1965); Kessler, *Products Liability*, 76 Yale L.J. 887 (1967).

man Instrument Corporation, 12 N.Y.2d 432, 437, 240 N.Y.S.2d 592, 595, 191 N.E.2d 81, 83 (1963); Basko v. Sterling Drug, Inc., 416 F.2d 417, 424-28 (2d Cir. 1969). What is settled in this Court, however, is that an action based on such liability does lie in admiralty and under the Death on the High Seas Act. See Krause v. Sud-Aviation, Societe Nationale de Constructions Aeronautiques, 301 F. Supp. 513 (S.D.N.Y. 1968); Sevits v. McKiernan-Terry Corporation, 264 F.Supp. 810 (S.D.N.Y. 1966); Montgomery v. Goodyear Tire & Rubber Company, 231 F.Supp. 447 (S.D.N.Y. 1964); Middlleton v. United Aircraft Corporation, 204 F.Supp. 856 (S.D.N.Y. 1960). The nature of the duty which a manufacturer must live up to is also quite well settled. Section 398 of the Restatement (Second) of Torts, for example, sets forth the duty as follows:

> A manufacturer of a chattel made under a plan or design which makes it dangerous for the uses for which it is manufactured is subject to liability to others whom he should expect to use the chattel or to be endangered by its probable use for physical harm caused by his failure to exercise reasonable care in the adoption of a safe plan or design.

Bethlehem considered its duty as extending to "converting a tanker reasonably safe for its intended use, one which contained no defects . . ."[11] Of course, this duty to provide a ship free from latent defects and concealed dangers and reasonably fit for its intended use—which the court finds is related to, but not dependent on, the shipbuilder's initial duty to exercise reasonable care in designing and building (or converting) a ship—does not require a ship-

[11] Bethlehem Brief, p. 25.

builder to make a ship accident proof. See, e.g., Campo v. Scofield, 301 N.Y. 468, 472, 95 N.E.2d 802, 804 (1950). See also Mitchell v. Trawler Racer, Inc., supra.

The court finds that Bethlehem, as a result of its negligence in designing the conversion, did *not* provide a ship free from latent and dangerous defects. The court refers, of course, once again primarily to the lack of a sufficient number of complete transverse bulkheads and the placement of the cargo tank vis-a-vis the breadth of the hull—defects which the court has found rendered the *Queen* intrinsically unseaworthy. The court further finds, in view of the fact that Bethlehem designed and carried out the conversion at the behest of MTL and MSTC which were well aware of the Plan and in agreement therewith, that these three corporations were in pari delicto in this case. The court therefore concludes that justice and logic require that the presumption of causation set forth in *Walston* and *The Perama* and *The Vega* also be applied to Bethlehem. And Bethlehem has had no more success than MTL and MSTC in convincing this court that the heretofore mentioned serious defects could not have caused the demise of the MSQ. Cf. Rooney v. S.S. Healy Co., 20 N.Y.2d 42, 281 N.Y.S.2d 321, 228 N.E.2d 383 (1967), and the subsequent decisions in Guarino v. Mine Safety Appliances Company, 31 App.Div.2d 255, 297 N.Y.S.2d 639 (2d Dep't), aff'd, 25 N.Y.2d 460, 306 N.Y.S.2d 942, 255 N.E.2d 173 (1969). The wrongful death claims are therefore allowed against impleaded respondent Bethlehem.[72]

[72] While Bethlehem's liability herein is clear, the court finds that TGS is not liable for the wrongful deaths. It is true that TGS knew of the conversion design, closely followed its implementation and provided technical advice with regard to the nature of molten sulphur. But the role of TGS was essentially that of a spectator with a purely cargo-oriented interest. The court finds that TGS

V.

Clause 16A of the open insurance policy dated May 1, 1957 between TGS and FIC reads, in pertinent part:

> These Assurers hereby agree to waive all rights of subrogation against the steamer and/or the Assured and/or affiliated and/or associated and/or allied companies and/or corporations in the event that the carrying steamer is owned and/or chartered and/or operated by the Assured and/or affiliated and/or associated and/or allied companies and/or corporations.

The court interprets this clause as meaning that FIC *waives* subrogation *whenever* the stipulated relationship(s) exist. The court finds, however, that none of these relationships were present in this case.

As already noted above, TGS was not a joint venturer with MTL (and MSTC), nor is there any evidence before the court indicating that TGS was "affiliated and/or associated and/or allied" with either of those two corporations. The relationship between TGS and MTL was a simple and arm's-length contractual one as evidenced by the

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was not a joint venturer with MTL and MSTC because it did not have a stake in the ownership of the MSQ. See Petitioners' Exhibit 17 at p. 45. The death claims against TGS as impleaded respondent are therefore dismissed.

The status of TGS in this case is substantially dissimilar to that alleged on the part of the Union Oil Company in the Torrey Canyon disaster. See generally In re Barracuda Tanker Corporation, 281 F.Supp. 228 (S.D.N.Y. 1968). TGS was clearly *only* a time charterer herein and therefore not entitled to petition for exoneration or limitation pursuant to 46 U.S.C. §183 *et seq.* See In re Barracuda Tanker Corporation, 409 F.2d 1013 (2d Cir. 1969). TGS's petition is therefore dismissed, and the claims asserted against it therein are also dismissed for the reasons stated above.

charter party. Not even this contractual relationship existed between TGS and MSTC.

In arguing that the requisite affiliation and/or association did exist in this case, MTL and MSTC refer the court to *Old Colony Insurance Company* v. *Jeffery's Mill & Warehouse, Inc.*, 146 F.Supp. 277 (N.D.Cal. 1956). But that case, which also involved a contested waiver of subrogation clause, makes it abundantly clear that the type of business relationship contemplated in a clause like 16A was not present herein. The court listed 16 findings which led it to conclude that "the intimate arrangements between the two concerns were such that [the assured] was, for all practical purposes, if not in complete fact, placed in control of the defendant." 146 F.Supp. at 280. MTL and MSTC also rely on *Great American Insurance Company, N.Y.* v. *Gulf Marine Drilling No. 1*, 302 F.2d 332 (5th Cir. 1962). In that case, however, the Court merely held that the defendant was at least operating with one of the three assureds, if not more, within the language of the subrogation waiver. See 302 F.2d at 334.

In reference to the essential condition of Clause 16A, namely, "steamer . . . owned and/or chartered and/or operated," it is clear that the MSQ was not owned or operated by TGS. Indeed, MTL and MSTC do not argue otherwise. Furthermore, the court concludes that the only sensible interpretation of the word "chartered", read in the context (and juxtaposition) of both the condition and clause as a whole, is that it really means *demise* or *bareboat* chartered. Cf. The Seatrain-Havana, 103 F.2d 772 (2d Cir.), cert. denied sub nom. Conners Marine Co. v. American Molasses Co., 308 U.S. 580 (1939). Stated another way, there must be the equivalent of ownership of the given steamship, if only pro hac vice on the part of the assured,

before subrogation of the assurer's claim against the vessel would be waived. A voyage, or better, time charter like the one herein, for example, does not confer responsibility on the charterer for the manning, victualling, navigation and maintenance of the vessel—that is, the control of a ship upon which liability for the loss or damage of a cargo is predicated. The court thus concludes in this case that neither the *Queen,* nor its operator MTL (or owner MSTC) fell within the purview of Clause 16A of the open policy between TGS and FIC, and there was therefore no waiver of subrogation herein.[73]

The bill of lading in this case provided for coverage by Cogsa, which requires a carrier to exercise due diligence, before and at the beginning of a voyage, to make its ship seaworthy, properly equip it and make the holds and all other parts of the vessel in which goods are carried fit and safe for their reception, carriage, and preservation. 46 U.S.C. §1303(1).

> Neither the carrier nor the ship shall be liable for loss or damage arising or resulting from unseaworthi-

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[73] Cargo underwriter Charles Oerding testified that the premium payable by TGS under the open policy was 3½ cents per $100 whenever there was *no* waiver of subrogation and that the rate for such a waiver was 5 cents per $100. See Trial Minutes, pp. 1251, 1264. Oerding further testified that the rate payable for the last voyage of the MSQ was .035—i.e. 3½ cents. See Trial Minutes, p. 1263. See also *id.* at 1249, lines 9-14.

The subrogation receipt given by TGS to FIC at the time of indemnification further substantiates the fact that there was no waiver in this case.

FIC argues in the alternative, however, that even if the Clause 16A waiver were operative, FIC became a subrogee as a result of TGS's assignment to FIC of its claim as evidenced by the subrogation receipt. However, in view of its determination above, this court need not specifically determine this issue, although it is questionable whether an operative waiver would inure in this Circuit to the benefit of MTL (or possibly MSTC) in the first place. See The Seatrain-Havana, 103 F.2d at 774.

> ness unless caused by want of due diligence on the part of the carrier to make the ship seaworthy, and to secure that the ship is properly . . . equipped . . . and to make the holds . . . and all other parts of the ship in which goods are carried fit and safe for their reception, carriage, and preservation . . .[74]

In a case like this where it has been proven that the ship was unseaworthy when it last broke ground, there is a presumption that the cargo was lost as a result of this unseaworthiness, and the party (or parties) seeking to avoid liability can only do so by showing that the requisite due diligence was exercised or that the loss was the result of one or more of the "uncontrollable causes"[75] set forth in Cogsa. See The Perama, 388 F.2d at 436. The court finds that MTL and MSTC have failed to sustain their burden of proving that they exercised due diligence to make the MSQ seaworthy or that the loss of the cargo was the result of an excepted cause. MTL and MSTC, having been privy to, and knowledgeable of, the unseaworthy design of the MSQ, are not entitled to limitation of liability. The claim of FIC is therefore allowed against both MTL and MSTC.[76]

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[74] 46 U.S.C. §1304(1).

[75] See 46 U.S.C. §1304(2). See also Petitioners' Exhibit 17, cl. 23.

[76] While MTL was the "carrier" in this case within the meaning of 46 U.S.C. §1301(a), the corporate owner's "duty to make the vessel seaworthy, at least to the point of providing it with sufficient integrity to meet the ordinary perils of the sea, is not delegable to anyone." The Perama, 388 F.2d at 439. In view of MSTC's failure to live up to this duty and its close corporate relationship with MTL, both corporations are jointly liable in this case for the loss of the cargo. Cf. Martin & Robertson, Ltd. v. The Steamship *Barcelona*, 1968 A.M.C. at 333.

In summarizing the foregoing in reference to the various questions raised in the Pre-Trial Order, the court has concluded that the petitioners MSTC and MTL are not entitled to exoneration from, or limitation of, liability, and their petition is therefore denied. On the other hand, as a time charterer, TGS was not entitled under the Limitation of Liability Act to petition for exoneration or limitation, and its petition is therefore dismissed.

The claims arising under the Death on the High Seas Act are allowed as against MTL and MSTC and impleaded respondent Bethlehem, but they are dismissed as against petitioner-impleaded respondent TGS. The claims arising under the Jones Act are allowed as against MTL. The claim arising under Cogsa is allowed as against MTL and MSTC.

All motions, decision of which was reserved at the time of trial, are hereby denied in conformity with this opinion, which represents the court's findings of fact and conclusions of law pursuant to Rule 52(a) of the Federal Rules of Civil Procedure.

With regard to the question of damages, the evidence in this case does *not* justify any assessment of punitive damages. Trial of the sole remaining issue of compensatory damages will proceed as soon as counsel can be heard.

Settle an order within ten days.

Dated: New York, N.Y.
May 12, 1970.

/s/ JOHN M. CANNELLA
U.S.D.J.

Order of the Court of Appeals Denying Petition for Rehearing

35228, 35233, 35235, 35247

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

In the Matter of the Vessel
MARINE SULPHUR QUEEN

MARINE SULPHUR TRANSPORT CORPORATION,

As Owner, Appellant,

MARINE TRANSPORT LINES, INC.,

As Demise Charterer, Appellant,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent, Appellant,

UNITED STATES FIRE INSURANCE CO.,

Cargo Claimant, Appellee and Appellant,

IDA RUTH HEARD, *et al.*,

Death Claimants, Appellees.

A petition for a rehearing having been filed herein by counsel for appellants, Marine Sulphur Transport Corporation and Marine Transport Lines, Inc.,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is denied.

June 2, 1972

HENRY J. FRIENDLY,
Henry J. Friendly, *Chief Judge*

ROBERT P. ANDERSON,
Robert P. Anderson, *U.S.C. JJ.*

Dudley B. Bonsal, *District Judge*
DUDLEY B. BONSAL,

Order of the Court of Appeals Denying Petition for Rehearing in Banc

35228, 35233, 35235, 35247

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

In the Matter of the Vessel
MARINE SULPHUR QUEEN

MARINE SULPHUR TRANSPORT CORPORATION,

As Owner, Appellant,

MARINE TRANSPORT LINES, INC.,

As Demise Charterer, Appellant,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent, Appellant,

UNITED STATES FIRE INSURANCE CO.,

Cargo Claimant, Appellee and Appellant,

IDA RUTH HEARD, *et. al.*,

Death Claimants, Appellees.

A petition for a rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for appellants, Marine Sulphur Transport Corporation and Marine Transport Lines, Inc., and no active circuit judge having requested that a vote be taken on said suggestion,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is denied.

HENRY J. FRIENDLY,
Chief Judge

June 2, 1972

Judgment of the United States Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

35228, 35233, 35235, 35247

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the twenty-fifth day of April, one thousand nine hundred and seventy-two.

Present:

HON. HENRY J. FRIENDLY,

Chief Judge,

HON. ROBERT P. ANDERSON,

Circuit Judge,

HON. DUDLEY B. BONSAL,

District Judge.

In the Matter of the Vessel
MARINE SULPHUR QUEEN

MARINE SULPHUR TRANSPORT CORPORATION,

As Owner,
Appellant,

MARINE TRANSPORT LINES, INC.,

As Demise Charterer,
Appellant,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent,
Appellant,

UNITED STATES FIRE INSURANCE CO.,

Cargo Claimant,
Appellee and Appellant,

IDA RUTH HEARD, *et. al.*,

Death Claimants,
Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

On consideration whereof, it is now hereby ordered, adjudged, and decreed that the decree of said District Court be and it hereby is affirmed in part and reversed in part with costs to be taxed against appellants Marine Transport Lines, Inc., and Marine Sulphur Transport Corporation in favor of death claimants Ida Ruth Heard, et al., and against said death claimants in favor of impleaded respondent-appellant Bethlehem Steel Corporation and against the cargo claimant United States Fire Insurance in favor of Marine Sulphur Transport Corporation, Marine Transport Lines, Incorporated and Bethlehem Steel Corporation in accordance with the opinion of this court.

A. Daniel Fusaro,
Clerk

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2. Whether the courts below properly applied a presumption of causation to an otherwise unexplained sinking under sea conditions which a seaworthy ship could have been reasonably expected to weather, after a factual finding that the vessel was unseaworthy?

3. Whether mere receipt by petitioners of certificates or approvals from the U. S. Coast Guard and the American Bureau of Shipping, without administrative hearing thereon, bars the District Court as trier of the facts from denying petitioners' application for limitation of liability?

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 72-344

In the Matter of the Vessel MARINE SULPHUR QUEEN
MARINE SULPHUR TRANSPORT CORPORATION,

As Owner, Petitioner,

—and—

MARINE TRANSPORT LINES, INC.,

As Demise Charterer,
Petitioner,

BETHLEHEM STEEL CORPORATION,

Impleaded Respondent,
Respondent,

UNITED STATES FIRE INSURANCE COMPANY OF NEW YORK,

Cargo Claimant,
Respondent,

IDA RUTH HEARD, *et al.*,

Death Claimants,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF FOR DEATH CLAIMANTS-RESPONDENTS IN OPPOSITION

Opinions Below

The opinion of the United States District Court for the Southern District of New York (Cannella, J.) is reported at 312 F. Supp. 1081 and is printed in petitioners' Appendix, pp. 47a-90a. The opinion of the Court of Appeals for the Second Circuit is reported at 460 F. 2d 89, and is printed *infra*, Appendix, pp. 20a-46a.

The decisions of the Court of Appeals denying the petitions of MSTC and MTL for rehearing and rehearing *in banc* are not reported but are printed in petitioners' Appendix, pp. 91a-95a.

Jurisdiction

The jurisdictional requisites are adequately set forth in the petition.

Questions Presented

1. Whether the courts below were foreclosed from finding unseaworthiness based on extensive proof to that effect, merely because of the pre-disaster issuance of certificates or approvals by the U. S. Coast Guard and American Bureau of Shipping without hearings or notice or opportunity to be heard as to whether such certificates or approvals be granted?

2. Whether the courts below properly applied a presumption of causation to an otherwise unexplained sinking under sea conditions which a seaworthy ship could have been reasonably expected to weather, after a factual finding that the vessel was unseaworthy?

3. Whether mere receipt by petitioners of certificates or approvals from the U. S. Coast Guard and the Ameri-

can Bureau of Shipping, without administrative hearing thereon, bars the District Court as trier of the facts from denying petitioners' application for limitation of liability?

Statutes Involved

The pertinent statutes are adequately included in the petition.

Statement of the Case

The ship here involved, the Marine Sulphur Queen, and her entire crew of 39 officers and men were lost in the Gulf of Mexico on or about February 4, 1963 in weather and sea conditions that were found by the courts below not to be a threat to shipping and which caused no loss or damage to any other vessels (P.A. 35a-36a).*

The demise charterer of the vessel, Marine Transport Lines, Inc. (MTL) was the 100% owner of Marine Sulphur Transport Corporation (MSTC) which owned the vessel (P.A. 24a, 25a).**

The District Court found, on the basis of the evidence that the ship was unseaworthy in many respects. The Court of Appeals reviewed and affirmed the finding of unseaworthiness (P.A. 30a-31a). This conclusion was based, among other things, on the weakening of the vessel by the conversion, and the hazards which arose be-

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* References to the Petition will be designated by "P" followed by the page number; and to Petitioners' Appendix by "P.A."

** In the Pre-Trial Order in the District Court, during the trial and in the Court of Appeals, the petitioners made no effort whatsoever to distinguish between themselves.

cause of the manner in which the vessel was loaded and operated after the conversion was completed (P.A. 27a-29a). Since some unseaworthy conditions developed after the conversion and were held not to be the fault of Bethlehem Steel Corporation (Bethlehem), the Court of Appeals ruled that the claims against Bethlehem be dismissed, reversing the District Court on that issue (P.A. 39a).

The SS Esso New Haven, a T-2 tanker constructed in 1944 designed to carry unheated petroleum products, underwent substantial structural modification in 1960 to be converted into the first vessel of her kind, the Marine Sulphur Queen, a carrier of molten sulphur which began operating in January 1961.

Prior to the conversion, non-technical personnel of Marine Transport Lines, Inc. (MTL) set the following specifications and criteria for the reconstruction of the vessel without the benefit of any naval architect's advice or opinion: (1) No new vessel was to be built for the carriage of molten sulphur; an old vessel was to be converted; (2) The type of vessel to be converted had to be a T-2 tanker; (3) The cost of the conversion could not exceed $1,650,000; (4) The cargo capacity could be no less than 15,100 long tons (P.A. 25a).

Bethlehem contracted to design and convert the 16-year old T-2 tanker into the molten sulphur carrier within those specifications and criteria. As noted by the Court of Appeals, the concept, design, conversion and operation of the MARINE SULPHUR QUEEN for the carrying of molten sulphur ". . . was largely the owner's experiment, to which the officers and men of the ship had been committed." (P.A. 30a)

After the conversion, the life projected for the vessel as a molten sulphur carrier was an additional 15 years. After just two years of service the ship was lost at sea.

After an investigation was conducted by the United States Coast Guard at which petitioners were represented by counsel, the Coast Guard refused to allow the design for the MARINE SULPHUR QUEEN to be used again (P.A. 71a). Petitioners took no action to have this administrative determination set aside.

Petitioners claim (1) that the ship had obtained the approvals and certificates required of every American flag vessel by the U. S. Coast Guard and *ipso facto* no finding of unseaworthiness could be made and that MTL and MSTC were thereby entitled to limitation of liability; (2) that since there were no survivors and because there were not one but a multitude of unseaworthy conditions, it could not be proven how the loss occurred and that MTL and MSTC were entitled to prevail on the issue of causation.

Unlike *Commercial Molasses Corp.* v. *New York Tank Barge Corp.*, 314 U. S. 104 (1941), there has been no reliance upon any "presumption" that the vessel was *unseaworthy*. Unseaworthiness, was established "to the satisfaction of the trial court" which believed that "an inference of liability of the shipowner for the mysterious loss of his vessel should not be lightly drawn" and found that such unseaworthiness had been "clearly" proven (P.A. 75a, 76a).

Both courts below gave full consideration to the part that the U. S. Coast Guard and American Bureau of Shipping played with respect to the conversion of the vessel and its operation as a molten sulphur carrier, MTL's contract with Bethlehem called for the approval

of the conversion plans on behalf of MTL by George G. Sharpe & Co., professional naval architects who had not been previously consulted with respect to the decisions to convert a T-2 tanker to a molten sulphur carrier. Bethlehem's first plan drawn to meet these requirements was submitted to MTL, the Coast Guard and the American Bureau of Shipping. The plan was submitted by MTL to George G. Sharpe & Co., whose principal naval architect advised MTL on May 17, 1960 that:

> "A preliminary study . . . indicates the design to be deficient in transverse strength. All the main transverse bulkheads in the center tanks of the original tanker have been removed. *We believe it will be necessary to restore at least three of these bulkheads* and divide the sulphur tanks into two or three longitudinal tanks with cofferdams between. Longitudinal top and bottom girders and transverses in way of sulphur tanks have been reduced below what is considered good practice. It may be possible to make up this deficiency by increased thickness of materials in these structural members, but this will require a detailed study. *Correction of the above-deficiencies will result in the reduction of the specified cargo deadweight of from 3 to 5%.*" (Emphasis as added by the Court of Appeals) (P.A. 55a)

Bethlehem received a similar reaction to this plan from the American Bureau of Shipping and the Coast Guard which then delegated authority to approve the plans and specifications to the American Bureau of Shipping.

Greatly concerned, since the 3 to 5% reduction in cargo carrying capacity would result in a cargo capacity of less than 15,100 tons, MTL sent Bethlehem a copy of the let-

ter from Sharpe Co. and wrote Bethlehem on May 17, 1960 as follows:

> "The remarks contained herein are quite disturbing to us; however, we feel that from our preliminary discussions you will be able to meet all necessary classifications and Coast Guard requirements in order that we may guarantee our Charterer the specified deadweight carrying capacity of not less than 15,100 long tons of molten sulphur."

To meet the requirement of MTL that the cargo capacity of the vessel not fall below 15,100 long tons, Bethlehem did not provide for the three or more complete transverse bulkheads recommended by the naval architect or by the American Bureau of Shipping in its initial views, but modified its previous plan so as to provide only one complete transverse bulkhead.

MTL did not send the modified plan to the George G. Sharpe & Co. or any other naval architect for review. MTL took no steps to forward the Sharpe & Co. letter of May 17, 1960 to the Coast Guard or to the American Bureau of Shipping, and MTL took no steps to see that Bethlehem did so. The American Bureau of Shipping, which had not seen the George G. Sharpe letter ,succumbed to Bethlehem's approach and passed Bethlehem's modified plan, thereby resulting in Coast Guard approval as well.

Because the MARINE SULPHUR QUEEN was unique, the knowledge of American Bureau of Shipping surveyors and U. S. Coast Guard inspectors was minimal. The knowledge available to MTL was far greater than that available to the Coast Guard or the American Bureau of Shipping, the reverse of the situation with respect to ordinary cargo vessels and ordinary tankers. Many of the

unseaworthy conditions found by the District Court were to be corrected at a shipyard overhaul that had been scheduled to take place in January 1963. This overhaul did not take place before the disaster because it was postponed by MTL. Coast Guard and American Bureau of Shipping inspectors were not informed of the existing unseaworthy conditions, all of which were known to headquarters personnel of MTL through the receipt of repair lists, log books, overtime records and cargo reports. Coast Guard and American Bureau of Shipping inspectors never comprehended that loading the vessel, even below her marks, could dangerously adversely affect the cargo tank ventilation system. Petitioners, who had the plans, could easily determine this. The 1963 Coast Guard inspection was characterized by a regular officer of the MARINE SULPHUR QUEEN who was not on the fatal voyage, as a "flying inspection."

In view of the overwhelming evidence as to the vessel's unseaworthiness, the clear proof that the weather and seas through which the vessel sailed would not cause the loss of a seaworthy ship, and the documented relationship between each unseaworthy condition and petitioners' senior management, the courts below perforce denied exoneration from and limitation of liability to MTL and MSTC.

Reasons for Denying the Writ of Certiorari

I.

Upon extensive factual evidence the Court below properly found the vessel to be unseaworthy and was not debarred from such finding because certificates and approvals had been issued before the disaster by the U. S. Coast Guard and American Bureau of Shipping without any administrative hearing or notice with opportunity to be heard.

Petitioners argue that the pre-disaster certificates and approvals of the United States Coast Guard and the American Bureau of Shipping foreclosed any proof of the unseaworthiness of the MARINE SULPHUR QUEEN. In doing so they rely upon a series of cases wherein administrative action taken after notice and full opportunity to be heard was upheld by this Court (P. 16-17). No such administrative action ever took place before the loss of the MARINE SULPHUR QUEEN.*

Evidence of the approvals and certificates of the Coast Guard and the American Bureau of Shipping was received, as was evidence of the scope of investigation and participation which led up to the granting of such approvals and certificates. The record shows that MTL and MSTC had knowledge as to the deficiencies of the conversion design which they did not pass on to the Coast

* After the disaster the United States Coast Guard conducted a formal investigation at which petitioners were parties and were represented by counsel and fully participated. As the result of this investigation, the Commandant of the U. S. Coast Guard made a determination that the same conversion should not be approved again.

Guard or the American Bureau of Shipping. They had knowledge of the problems and difficulties encountered in the operation of the vessel that they did not pass on to those agencies. MTL and MSTC knew and the Coast Guard and the American Bureau of Shipping did not know how much cargo could be loaded into the vessel before effectiveness of the cargo venting system would be dangerously reduced, although the load line limit would not be surpassed. The knowledge and experience of MTL and MSTC with respect to the carriage of molten sulphur surpassed that of the Coast Guard and the American Bureau of Shipping.

Bare compliance with statutory and regulatory law does not fulfill the obligation to furnish a seaworthy vessel. *Schlichter* v. *Port Arthur Towing Co.*, 288 F.2d 801, 804 (5th Cir.) *cert. denied* 368 U. S. 828 (1961); *Walker* v. *Harris*, 335 F.2d 185, 196 (5th Cir.) *cert. denied* 379 U. S. 930 (1964). Certificates cannot be equated with seaworthiness, *Waterman Steamship Corp.* v. *Gay Cottons*, 414 F. 2d 724, 738, 739 (9th Cir. 1969); *States Steamship Co.* v. *United States*, 259 F.2d 458 (9th Cir. 1957).

The District Court as finder of the facts on the issue of seaworthiness, exhaustively analyzed all the relevant facts, including the facts surrounding the granting of the certificates of the Coast Guard and the Shipping Bureau approval, and concluded that the vessel was unseaworthy. That determination was not disturbed by the Circuit Court.

II.

The ruling of the courts below on causation were not in conflict and were consistent with the decisions of this and other courts.

In affirming the District Court's ruling on causation the Second Circuit said "[W]e agree with the trial court that the weather conditions at the time of the disappearance of the vessel were expectable. While there were strong winds and rough northerly seas during the early hours of February 4th, this was by no means extraordinary, nor did it represent a situation which a seaworthy ship could not have been reasonably expected to weather." (P.A. 35a). The Circuit Court as well as the District Court noted the evidence that many vessels sailed under the circumstances existing on the date of the disaster and at other times including a vessel high and light (a less favorable condition than that of the laden Marine Sulphur Queen). The Circuit Court concluded:

> "An owner has a duty to provide a vessel that can withstand expectable weather, *Mitchell* v. *Trawler Racer, Inc.*, 362 U.S. 539, 550 (1960) and when a vessel goes down in such weather, a reasonable inference that proven aspects of unseaworthiness were the cause of the loss will stand. See e.g., *Sabine Towing Co.* v. *Brennan*, 72 F. 2d 490, 493-94 (5th Cir.), *cert. denied*, 293 U. S. 611 (1934)." (P.A. 36a)

Emphasizing the unseaworthiness of the vessel, as factually determined by the District Court, the Circuit Court stated that "[A]s the list of unseaworthy aspects of the vessel grows longer, the inference becomes increasingly

more reasonable that these aspects, as a group, were the proximate cause of the loss."* (P.A. 35a)

And where, as here, a vessel is lost and there are no survivors to provide proof causation ". . . the requirement of legal cause can be supplied by inference, when as here there is negligence/unseaworthiness on the one hand and an unexplained disappearance of a vessel at sea on the other." *Admiral Towing Company* v. *Woolen,* 290 F.2d 641, 652 (9th Cir. 1961). See also *Ingham* v. *Eastern Air Lines Inc.,* 373 F.2d 227 (2d Cir.) *cert. denied,* 389 U.S. 931 (1967).

Nor did the courts below break any new ground in applying a presumption or inference of causation in a situation other than "calm" waters. This Court has held that "The standard [for seaworthiness] is . . . a vessel reasonably suited for her intended service." *Mitchell* v. *Trawler Racer Inc.,* 362 U.S. 539, 550 (1960). The applicable rule was stated in *Walker* v. *Harris,* 335 F.2d 185, 193

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* Under the Jones Act, 46 USC § 688, which incorporates by reference the Federal Employees Liability Act, 45 USC § 51, proof of causation in terms of "might be" is adequate. *Sentilles* v. *Inter-Caribbean Shipping Corp.,* 361 U.S. 107 (1959). The test of causation for the fact-finder is simply whether the proofs justify with reason that employer negligence played any part in producing the injury; it does not matter that from the evidence the fact-finder may also, with reason, on grounds of probability attribute the result to other causes. *Gallick* v. *Baltimore & Ohio R. Co.,* 372 U.S. 108, 116 (1963), *Rogers* v. *Missouri Pacific Railroad Company,* 352 U.S. 500, 506-5507 (1957) reh. *denied* 353 U.S. 943 (1957), *Schulz* v. *Pennsylvania Railroad Company,* 350 U.S. 523 (1956), *Lavender* v. *Kurn,* 327 U.S. 645 (1946), *Tennant* v. *Peoria & P.U. Ry. Co.,* 321 U.S. 29 (1944). While the Court of Appeals did not find it necessary to resort to the Jones Act to resolve the issues of the case, application of these cases would have mandated the same conclusion as to causation.

(5th Cir.) *cert. denied,* 379 U.S. 930 (1964), a case involving heavy weather:

> "[It is] familiar doctrine so often invoked where vessels sink in calm waters, that sinking (or other failure) under circumstances and conditions which the vessel must reasonably anticipate and overcome is the best proof of, and makes out the classic case of unseaworthiness. Although not articulated in such terms, it is a sort of sea going *res ipsa loquitur.*"

Thus the substantive test for presumptive causation is not limited to a vessel lost in a "calm" sea but, as the Second Circuit stated in another case, to a vessel with "sufficient integrity to meet the ordinary perils of the sea." *Federazione Italiana déi Corsorzi Agrari* v. *Mandask Compania De Vapores S.A.,* 338 F.2d 434 (2d Cir.) *cert. denied,* 393 U.S. 828 (1968).

Petitioners appear to assert that there is an exclusive and immutable "calm" sea doctrine governing causation presumption simply because a number of cases have involved a "calm" sea situation and because the courts there have noted the existence of that factual situation. Raising one such fact to the eminence of a doctrine or "legal principle" (P. 21) governing ships lost at sea, does violence to the embracing effect of a legal doctrine or principle. As noted above, the applicable *substantive* doctrine or legal principle, as the court below held, is the duty of the vessel owner "to provide a vessel that can withstand expectable weather" (P.A. 36a) or as stated in other words by the Fifth Circuit, a vessel that must "reasonably anticipate and overcome" circumstances and conditions. *Walker* v. *Harris, supra.* The "calm" sea cases fall within that principle as do cases where the sea is less than calm but wholly expectable, as was the case here.

III

The District Court and the Court of Appeals properly determined as a fact that petitioners were privy to and had knowledge of the unseaworthiness of the vessel.

The conversion of the MARINE SULPHUR QUEEN and her operation as a molten sulphur carrier "was largely the owner's experiment to which the officers and men of the ship had been committed." (P.A. 30a).

From the receipt of the letter of the George C. Sharpe Co. showing the structural weakness of the conversion, to the receipt of the log books, overtime records, cargo reports and repair lists while the vessel was in operation, senior management personnel of Petitioners were fully advised as to the unseaworthy conditions of the MARINE SULHUR QUEEN (P.A. 37a-38a).

The existence of approvals and certificates from the United States Coast Guard and the American Bureau of Shipping does not obliterate such privity and knowledge. *States Steamship Co.* v. *United States of America*, 259 F.2d 458, 470 (9th Cir. 1957); *Federazione Italiana Dei Corsorzi Agrari* v. *Mandask Compania De Vapores*, 388 F.2d 434-439 (2d Cir.), *cert. denied*, 393 U.S. 828 (1968). In *Coryell* v. *Phipps*, 317 U.S. 406 (1943), relied upon by petitioners, the shipowner's possession of the required certificates was insufficient to warrant a finding of lack of knowledge or privity.*

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* *La Bourgogne* 210 U.S. 95 (1908) cited by petitioners, involved no more than a question of whether regulations of the administrative agency, with which there had been complete and total compliance were consistent with the statutes pursuant to which they had been enacted. 210 U.S. at 131-134. *The South Coast* 71 F.2d 891 (9th Cir.) cert. denied, 293 U.S. 627 (1934) is also inapposite since there was simply no proof of any unseaworthy condition.

MTL and MSTC were hardly in the position of those who rely on the superior knowledge and expertise of an administrative agency and who passively acquiesce in its determinations. This case does not pose the issue of whether any such passive reliance and acquiescence should be considered to entitle the shipowner to limitation of liability (P.A. 37a-38a).

CONCLUSION

For the foregoing reasons, it is respectfully submitted that the petition for a writ of certiorari be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

No. 72-344

OCTOBER TERM, 1972

In the Matter of the Vessel
MARINE SULPHUR QUEEN
Marine Sulphur Transport Corporation,
As Owner,
Petitioner,

—and—

MARINE TRANSPORT LINES, INC.,
As Demise Charterer,
Petitioner,

BETHLEHEM STEEL CORPORATION,
Impleaded Respondent,
Respondent,

UNITED STATES FIRE INSURANCE COMPANY OF NEW YORK,
Cargo Claimant,
Respondent,

IDA RUTH HEARD, *et al.*,
Death Claimants,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONERS' REPLY BRIEF

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ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONERS' REPLY BRIEF

At various places in their Brief in Opposition, the Death Claimants make reference to a May 17, 1960 letter from

George G. Sharp & Co., naval architects, to MTL and imply that this letter somehow gave MTL knowledge superior to that of the United States Coast Guard and the American Bureau of Shipping.

The fullest statement of this view on their part is found in the first full paragraph on page 7 of that Brief in Opposition. However, the short answer to that particular statement and the brief insinuations elsewhere along the same line is that an item in one of the Death Claimants' own exhibits submitted to the Trial Court (Jt. App., p. 4171a) showed that on May 13, 1960, four days before the date of the letter, the American Bureau of Shipping had the benefit of a full discussion with a representative of the Sharp firm on Sharp's views as to the transverse strength and bulkheads of the original Bethlehem design.

As indicated in the last sentence in that item from the exhibit submitted by the Death Claimants, the American Bureau of Shipping proposed to state its views as to the insufficiency of the original design to Bethlehem, which it proceeded to do on May 16, 1960 (Jt. App., p. 4146a).

It was after that discussion took place that Bethlehem then submitted a new design of the vessel, which was discussed at considerable length with the American Bureau of Shipping representatives on May 20, 1960 and was approved, as appears from two other items from the same exhibit submitted by the Death Claimants (Jt. App., pp. 4174a-4176a and 4177a-4178a).

In the light of this, it appears that the Death Claimants have wholly failed to meet the basic points made with respect to the vessel's design, stability and load line at pages 14-19 of the Petition, covering the only areas the Courts below even came close to considering as being at all

related to the vessel's loss. A summary reversal would appear to be in order.

Dated: New York, N. Y.
October 18, 1972

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